

CAI
XC3
- 1955
B 65

(HOUSE OF COMMONS
Second Session—Twenty-second Parliament
1955

Government
Publications

SPECIAL COMMITTEE
ON
BROADCASTING

Chairman: Dr. PIERRE GAUTHIER

LIBRARY
JUN 21 1955
UNIVERSITY OF TORONTO

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 12

THURSDAY, JUNE 2, 1955
FRIDAY, JUNE 3, 1955

WITNESSES:

A. Davidson Dunton, Chairman of the Board of Governors of the Canadian Broadcasting Corporation; F. G. Nixon, Assistant Controller of Telecommunications, Department of Transport.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

SPECIAL COMMITTEE ON BROADCASTING

Chairman: Dr. Pierre Gauthier

Vice-Chairman: Mr. G. D. Weaver

and

Messrs.

Balcer	Gauthier (<i>Nickel Belt</i>)	Knight
Beaudry	Goode	McCann
Boisvert	Hamilton (<i>Notre-Dame-</i>	Monteith
Bryson	<i>de-Grace</i>)	Reinke
Carter	Hansell	Richard (<i>Ottawa East</i>)
Cauchon	Henry	Richardson
Decore	Holowach.	Robichaud
Dinsdale	Kirk (<i>Shelburne-</i>	Studer
Fleming	<i>Yarmouth-Clare</i>)	

R. J. GRATRUX,
Clerk of the Committee

CAI
XC 2
-1955
B65

MINUTES OF PROCEEDINGS

Room 118,

THURSDAY, June 2, 1955.

The Special Committee on Broadcasting met at 11.00 o'clock a.m. this day. Dr. Pierre Gauthier, the Chairman, presided.

Members present: Messrs. Boisvert, Carter, Cauchon, Fleming, Gauthier (Nickel Belt), Goode, Holowach, Knight, Monteith, Reinke, Richardson, Robichaud, Studer and Weaver.

In attendance: From the Department of Transport: Messrs. F. G. Nixon, Assistant Controller of Telecommunications, W. B. Smith, Senior Radio Regulations Engineer, W. A. Caton, Head of Inspections and Examinations Section, and F. K. Foster, Broadcasting Regulations Inspector.

From the Canadian Broadcasting Corporation: Messrs. A. Davidson Dunton, Chairman of the Board of Governors, E. L. Bushnell, Assistant General Manager, W. G. Richardson, Director of Engineering, H. Bramah, Treasurer, C. Jennings, Director of Programs, R. C. Fraser, Director of Press and Information, G. Young, Director of Station Relations, J. P. Gilmore, Coordinator of Television, M. Carter, Executive Assistant, D. Manson, Special Consultant, R. E. Keddy, Secretary of the Board of Governors and J. A. Halbert, Assistant Secretary.

From the Canadian Association of Radio and Television Broadcasters: Mr. J. T. Allard, Executive Vice-President.

Mr. Nixon was called and, pursuant to an order of the Committee of May 19, 1955, tabled maps showing the service contours of television stations, copies of which were distributed to members of the Committee.

In response to a request of Mr. Boisvert at a previous meeting, the witness also tabled the following document, copies of which were distributed to members of the Committee:

New Stations authorized in areas already having primary service from existing stations during the period April 30, 1953 to May 13, 1955.

Ordered,—That the said document be printed as an appendix to this day's evidence. (See Appendix A).

In reply to a question asked by Mr. Fleming concerning the removal of restrictions on the issuing of new licences for private commercial broadcasting stations, the witness tabled a form letter dated January 2, 1953, advising all concerned that applications would be accepted from new stations for changes in existing stations effective from that date.

Ordered,—That the said form letter be incorporated into this day's evidence. (See Evidence)

Mr. Nixon was examined on the maps tabled by him, Mr. Smith answering questions specifically referred to him.

At 12.50 o'clock p.m., the Committee adjourned to meet again at 3.30 o'clock p.m. this day.

SPECIAL COMMITTEE

AFTERNOON SITTING

Room 118,
THURSDAY, June 2, 1955.

The Committee resumed at 3.30 o'clock p.m. Dr. Pierre Gauthier, the Chairman, presided.

Members present: Messrs. Bryson, Carter, Cauchon, Fleming, Goode, Hansell, Holowach, Knight, Reinke, Richardson, Robichaud and Weaver.

In attendance: See list of attendance at the morning sitting.

The examination of Mr. Nixon was continued, Messrs. Dunton, Caton, Allard and Smith answering questions specifically referred to them.

The examination of Mr. Nixon being completed, he was retired.

Mr. Dunton was recalled and, in response to a request of Mr. Weaver, tabled the following document:

Populations served by TV Stations A & B Coverage.

Ordered,—That the said document be printed as an appendix to this day's evidence. (*See Appendix B*)

The Committee resumed its detailed examination of the Annual Report 1953-54 of the Canadian Broadcasting Corporation. The examination of Mr. Dunton was continued thereon, Mr. Bramah answered questions specifically referred to him.

Mr. Dunton tabled the following documents, copies of which were distributed to members of the Committee:

1. Tentative statement of income and expense for the year ended March 31, 1955—Sound broadcasting and integrated services.
2. Tentative statement of income and expense for the year ended March 31, 1955—Television service.

Ordered,—That the said documents be incorporated into this day's evidence. (*See Evidence*)

At 5.30 o'clock p.m., the examination of the witness still continuing, the Committee adjourned to meet again at 11.00 o'clock a.m., Friday, June 3, 1955.

R. J. Gratrix,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

Room 118,
FRIDAY, June 3, 1955.

The Special Committee on Broadcasting met at 11.00 o'clock a.m. this day. Dr. Pierre Gauthier, the Chairman, presided.

Members present: Messrs. Boisvert, Carter, Fleming, Goode, Hansell, Holowach, Knight, McCann, Monteith, Reinke, Richardson, Robichaud and Weaver.

In attendance: From the Canadian Broadcasting Corporation: Messrs. A. Davidson Dunton, Chairman of the Board of Governors, E. L. Bushnell, Assistant General Manager, W. G. Richardson, Director of Engineering, Charles Jennings, Director of Programmes, H. Bramah, Treasurer, R. C. Fraser, Director of Press and Information, George Young, Director of Station Relations, M. Carter, Executive Assistant, D. Manson, Special Consultant, R. E. Keddy, Secretary of the Board of Governors and J. A. Halbert, Assistant Secretary.

From the Canadian Association of Radio and Television Broadcasters: Mr. J. T. Allard, Executive Vice-President.

The Committee resumed its detailed examination of the Annual Report 1953-54 of the Canadian Broadcasting Corporation, the examination of Mr. Dunton continuing thereon.

During the course of his examination, Mr. Dunton tabled the following documents, copies of which were distributed to members of the Committee:

1. Projection of income and expense fiscal year 1955-1956—Sound broadcasting.
2. Projection of income and expense fiscal year 1955-1956—Television.

Ordered,—That the said documents be incorporated into this day's evidence. (*See Evidence*).

A debate arising as to the propriety of certain questions directed to the witness, Mr. Weaver moved,

That Mr. Dunton not be required to answer hypothetical questions on future financing beyond the projection of income and expense for the year ending March 31st, 1956.

After further debate and the question having been put, Mr. Richardson moved in amendment thereto that the motion be amended by inserting after the word "that" the following:

the question put to Mr. Dunton by Mr. Fleming being beyond the terms of reference of this Committee.

After further debate, and the question having been put on the amendment to the motion, it was resolved in the affirmative on the following recorded division: Yeas: Messrs. Boisvert, Carter, Goode, Holowach, Knight, McCann, Reinke, Richardson, Robichaud and Weaver. Nays: Messrs. Fleming and Monteith.

And the question being then put on the main motion as amended it was resolved in the affirmative on the following recorded division: *Yeas*: Messrs. Boisvert, Carter, Goode, Holowach, Knight, McCann, Reinke, Richardson, Robichaud and Weaver. *Nays*: Messrs. Fleming and Monteith.

At 1.00 o'clock p.m., the Committee adjourned to meet again at 3.15 o'clock p.m. this day.

AFTERNOON SITTING

Room 118,
FRIDAY, June 3, 1955.

The Committee resumed at 3.15 o'clock p.m. Dr. Pierre Gauthier, the Chairman, presided.

Members present: Messrs. Boisvert, Carter, Fleming, Goode, Hansell, Holowach, Kirk (*Shelburne-Yarmouth-Clare*), Knight, McCann, Monteith, Reinke, Richardson and Weaver.

In attendance: The same as at the morning sitting and Mr. J. P. Gilmore, Coordinator of Television, Canadian Broadcasting Corporation, and Mr. F. K. Foster, Broadcasting Regulations Inspector, Department of Transport.

The Committee resumed its detailed examination of the Annual Report 1953-54 of the Canadian Broadcasting Corporation, the examination of Mr. Dunton thereon continuing.

During the course of Mr. Dunton's examination, Mr. Bushnell answered questions specifically referred to him.

On motion of Mr. Richardson, seconded by Mr. Knight, the Annual Report 1953-54 of the Canadian Broadcasting Corporation was adopted unanimously.

At 4.30 o'clock p.m., the examination of Mr. Dunton being concluded, he was retired and the Committee adjourned to meet again at the call of the Chair.

R. J. GRATRIX,
Clerk of the Committee.

EVIDENCE

JUNE 2, 1955.
11.00 A.M.

The CHAIRMAN: Order, gentlemen. I see a quorum. I would remind Hon. members that there are many committees sitting this morning and I would like this committee to keep a quorum to the end of the sitting. I would therefore ask you as a favour to stay here as long as you can, and I thank you for it.

Mr. FLEMING: Perhaps one other point might be mentioned in that connection, Mr. Chairman. I believe that the multiplicity of meetings has thrown quite a strain on the committee staff and that we shall have only one reporter here with us for the first hour and a half. Perhaps we might take a recess at some point.

The CHAIRMAN: Yes.

Mr. GOODE: I think it should be mentioned for the record—since you have put your remarks on the record, Mr. Chairman—that a number of members on this committee should be serving on other committees which are sitting but they have chosen to attend this committee. As long as that is on the record I am satisfied because my constituents are quite free in telling me that I am not attending the meetings of certain committees which it is not possible for me to attend.

The CHAIRMAN: I think it is in the minds of the general public that this committee is the most important committee of the House of Commons.

Mr. FLEMING: Certainly it is the most harmonious.

Mr. GOODE: Up to now, anyway.

The CHAIRMAN: We have here this morning the officials of the Department of Transport. We have with us Mr. Nixon, the Assistant Controller of Telecommunications, Mr. W. B. Smith, Senior Radio Regulations Engineer, Mr. F. K. Foster, Radio Inspector of Regulations and Mr. W. A. Caton, Head of the Inspection and Examination Section. I understand that certain information has been requested from the department by Mr. Boisvert, Mr. Weaver and Mr. Fleming. Mr. Boisvert—you put a question to Mr. Brown the other day.

Mr. BOISVERT: Was it with respect to members of the Board of Directors?

The CHAIRMAN: Exactly.

Mr. BOISVERT: Yes. I was informed it would take quite a lot of time to produce such a list, and that it would be too late for this committee to consider, so I will come back next year with that question as early as possible. I am withdrawing the question for the present.

The CHAIRMAN: Did you have another request for information in regard, I believe, to new stations authorized in areas already having primary service from existing stations during the period April 30th, 1953 to May 13, 1955?

Mr. BOISVERT: I understand that the department is ready to answer that question.

The CHAIRMAN: Information on that matter is available to members of the committee now. Have you any explanation to give, Mr. Nixon, with regard to that? Have you copies for distribution to members of the committee?

Mr. F. F. Nixon, Assistant Controller, Telecommunications, Department of Transport, called.

The WITNESS: Yes, I have copies of a list of stations which also includes the new stations authorized in areas not previously having primary coverage. We have copies in sufficient quantity to provide them to members.

The CHAIRMAN: Shall we include this information in the record?

Mr. BOISVERT: I move.

The CHAIRMAN: At this point or as an appendix?

Mr. BOISVERT: As an appendix.

(See Appendix A.)

The CHAIRMAN: We have further information to come from the department with regard to a question asked by Mr. Weaver. I understand that we have copies of the reply here.

The WITNESS: Yes, Mr. Chairman we have copies of maps showing the service contours of television stations which are now in operation and those which have been authorized and are expected to be in operation before the end of the year. I would like now to make that information available.

(Maps distributed as described, with footnote:

In each case the inner contours encompass the grade A service areas and the outer contours the grade B service areas. Good reception can be expected in most locations in the grade A service area with an indoor antenna and in the grade B service area with an outdoor antenna.)

the processing of applications for authority to establish private commercial broadcasting stations were removed. The date on which the restrictions were removed was January 2nd, 1953. All concerned were advised that applications would be accepted for new stations or changes in their existing stations with effect from that date and we have a copy of the formal letter which was distributed if it should be required.

The CHAIRMAN: Have you got copies for distribution?

The WITNESS: No sir.

The CHAIRMAN: The department do not have copies but if you wish to take cognizance of this letter or have any questions to ask on it you are welcome to do so. The letter will be inserted in the record.

Mr. FLEMING: Yes, Mr. Chairman, the letter is very brief and we might put it on the record. It is just a couple of paragraphs long.

The CHAIRMAN: It is moved that this document be put on the record at this point.

OTTAWA, January 2, 1953

Dear Sir(s):

1. I would refer you to the letter of February 17, 1951, advising of the policy that no more new licenses for Private Commercial Broadcasting Stations in Canada would be issued, or authority for changes in existing stations granted, unless certain conditions were met.

2. In this connection, I now wish to inform you that restrictions on vital materials have eased within the past few months and, therefore, effective immediately, applications for new Broadcasting Stations and changes in existing Broadcasting Stations, involving the use of hitherto critical materials, will be accepted by the Department of Transport for transmission to the Board of Governors of the Canadian Broadcasting

Corporation, in order that they may make a recommendation to the Minister. You understand, of course, that it will be necessary that such applications be in the form prescribed by this Department.

Yours very truly,
(G. C. W. Browne)
Controller of Telecommunications.

By Mr. Fleming:

Q. Just so we may relate this date on which restriction were formally removed by the government to the question, could you indicate how long it normally takes a station once licensed to come into operation? We are speaking now of sound broadcasting stations.—A. In accordance with the regulations the station must commence construction within 3 months and complete within 9 months of the date of authorization.

Q. What is the average period of time required?—A. It varies considerably. Some stations require extensions of time beyond the 9 months.

Q. Is that a frequent occurrence?—A. Not too frequent, no.

Q. Would it happen in one case out of ten?—A. Something of that order. Very often they run into winter construction conditions and delays have to be authorized on that account.

Mr. GAUTHIER (*Nickel Belt*): Are there any delays in the supply of equipment?

The WITNESS: Sometimes.

By Mr. Fleming:

Q. You would not expect delays in obtaining equipment after January, 1953, would you?—A. I would say there has been no major equipment delays.

By Mr. Goode:

Q. Would you think the same thing would apply with regard to television broadcasting—there is certainly no shortage of equipment there.—A. There has been in certain components from time to time, yes.

Q. I mean at the present time. You know of no shortage?—A. No general shortage.

Q. What do you mean by "general". Is there some shortage?—A. Very often certain items will be in short supply temporarily.

Q. Temporarily though.

The CHAIRMAN: Are there any other questions on this matter?

Mr. WEAVER: There are two or three questions which I want to ask.

The CHAIRMAN: On the maps?

Mr. WEAVER: On the contours. I did not catch the name of the witness.

The CHAIRMAN: Mr. Nixon.

By Mr. Weaver:

Q. I am looking at the map of the Maritimes and Montreal now, with special reference to the two Montreal stations. I take it the two circles there are more or less identical which would seem to indicate to the committee—it looks like double circles... are they just doubled so that you can distinguish them?—A. There are two antennae located on the same tower and one set of the circles applies to CBFT and the other to CBMT.

Q. They would be identical?—A. The difference indicated on the chart is intended to indicate the difference between the two stations.

Q. Actually there is a different coverage between the English and the French stations?—A. Yes.

Mr. RICHARDSON: How great a difference?

The WITNESS: It is just the difference that you see on the chart. It is very small.

By Mr. Weaver:

Q. Is there any reason or is it just a technical difference—something to do with the position of the antenna?—A. There are a great many factors which have to be taken into account in determining the coverage contour. There is a difference in frequency, a possible difference in antenna structure and so on.

Q. Is the difference between the A and B contours largely due to a difference in the strength in the signal—that is, as you go farther away from the transmitter you reach a point where an inside area will not pick it up and a better aerial is needed. Is that the chief difference?—A. Speaking with respect to one particular station, now, we have endeavoured to indicate in a rather simplified form what the A and B service areas mean, in which case the inner contour encompasses a grade A service area and the outer contour a grade B service area. Good reception can be expected at most locations within the grade A service area with an indoor antenna and in the grade B service area with an outdoor antenna. That is rather a simplified explanation of what may be expected in the areas encompassed by these contours.

Q. This question is related to the single coverage policy. Supposing there is a city which is not covered now and an application comes in to establish a station in that city. Would that applicant normally come to you for these contours and attempt to fit his contour in in order to cover as much as possible without overlapping? Is that the normal procedure?—A. The usual procedure is for his engineering consultant to discuss with our engineers ways and means of establishing a station which will comply with the policy as laid down.

Q. I do not know whether this question should properly be addressed to you but I think it should. In your licensing policy do you keep the ratio between the contour and population in mind when licensing a station?—A. In assessing an application in relation to the policy, population would be taken into account.

By Mr. Fleming:

Q. In what way?—A. The general policy being to extend coverage as widely as possible, I think a station which was going to extend coverage to areas in which large numbers of people were not now receiving Canadian television signals would certainly have a bearing on the matter.

Q. That comes down to this, does it not, Mr. Nixon, that when you speak of existing services you are thinking of extending them to larger numbers of people rather than in mere geographical terms.—A. I think both are taken into consideration.

Q. Well, let us go beyond this. We are trying to reach as many people as possible, but I do not think the question which Mr. Weaver asked had anything to do with competing applications. It is not a matter of favouring one application or another.—A. Perhaps I misunderstood the question.

By Mr. Weaver:

Q. My question was directed to this: that as many Canadian citizens as possible should get coverage. I am in favour of the single coverage and I want to be sure that as many people as reasonably can shall get television reception

before too many get double or treble coverage, and I was wondering if you have any set ratio in mind as between the population in the various areas, and your contours.—A. That is the general policy and in considering new applications we apply the principles that were laid down previously in regard to it.

By Mr. Knight:

Q. Have you any tables showing the estimated percentage of population covered in each province—the estimated population presently covered by television on a percentage basis?—A. No, we have nothing on that.

Q. If you have no table perhaps you could go by your own knowledge. Have you, for instance, any idea of the percentage of the population of Ontario who have television available for reception in their own homes? Perhaps you could also get the figure with regard to another province.

The CHAIRMAN: I have a paragraph which is relevant to that, Mr. Knight, in the evidence which Mr. Dunton gave at page 13 of the minutes. I will read the paragraph.

I would like to try to describe quickly the stage the system has reached as of now. As the committee knows, Mr. Chairman, at the moment there are seven C.B.C. stations operating at key points in the country and eighteen private stations. All of these stations carry national service and all are extending national service. The system in this way is covering slightly over 70 per cent of the population, that is, it is making service available in areas in which a little over 70 per cent of the Canadian population lives.

Does that meet your requirements?

Mr. KNIGHT: Not exactly. I was thinking of a comparison by provinces. I was aware that Mr. Dunton had said that about 70 per cent of the population of Canada was covered. Let me put it this way. Are there any provinces which are outstandingly short?

Mr. GOODE: British Columbia. You can tell him that, Mr. Chairman.

Mr. KNIGHT: Not the lower mainland.

The WITNESS: No, we have not that information. Some indication, of course, can be obtained from the maps which are before us but it should be remembered that a considerable amount of overlap is provided outside the contours shown on these maps.

By Mr. Fleming:

Q. May I go back to the answers which you gave to Mr. Weaver's questions. It was not quite clear as to what you meant, Mr. Nixon. Obviously applications which come from widely separated parts of the country have no bearing on each other at all when they come before your department. They are dealt with entirely separately, without relation to each other. Is that not a fact?—A. That is correct.

Q. So the point you are making in answering Mr. Weaver, if I followed you correctly, could only arise where you have applications from areas where there is overlapping to some extent?—A. Yes.

Q. Does your answer go beyond this, and do you say that in a case of that kind if the two applicants—who would be competitors or rivals—were not proposing to have their transmitters at exactly the same place you would measure them—if the transmitters were of equal strength—to see which of the two was going to cover the greater number of people and approve the station which was going to give service to the greater number of people? Is that correct as a statement of general policy?—A. I was not referring in my

remarks to competing applications. If there were competing applications it would be considered in relation to the single service coverage policy, and if the applications were acceptable they would be referred in the usual manner to the C.B.C.

Q. If applications which are in no sense geographically competitive are not considered by the department to have any relation to each other, then adding your last answer to that I do not see what room there is for the application of what I thought was the principle which you were enunciating in reply to Mr. Weaver. I would have thought that what was meant was that where you have two applicants for the same or overlapping areas you were saying that you would give the preference to the one who promised to reach the larger number of people, or, similarly the one which would have the stronger signal and put more money into the investment and reach more listeners by using higher power. Is that not what you mean?—A. No. I was referring to one applicant who would have to be considered in relation to existing stations or existing authorizations under the single service coverage policy, and to the extent that that new application might serve an additional area and people not now served the more likely would it be to be approved under the single service coverage policy.

Q. I presume that as long as an applicant is not going to overlap any existing stations, generally speaking you would welcome him. Is that not correct? I am speaking of an applicant who is going to start a service in a new area.—A. That is correct.

Q. But are you making some reservations where there is a station in existence and an applicant comes forward whose application would involve some overlapping of the existing station? Is that the case in which you are supposed to apply this principle which I thought you were enunciating that you like to see how many more people are going to be covered by the applicant than are covered by existing stations which might overlap in part?—A. Yes.

Q. Does that mean if there is some overlapping by an applicant over the contour of an existing station you would still entertain an application?—A. It would be considered in relation to the rules which were tabled at a previous meeting.

Q. In an earlier answer to Mr. Weaver you spoke about the rules, as you called them, or policies laid down by the committee previously. What committee were you referring to?—A. Presented to this committee.

Q. By whom?—A. By Mr. Browne.

Q. You are referring now to the evidence given by Mr. Browne ten days ago.—A. Yes, sir.

Q. In defining the single service coverage policy?—A. Yes.

Q. Where do you draw the line in reference to this policy where an applicant comes forward with an application which is acceptable in other respects but which offends the single service coverage policy to the extent that the contour of his proposed transmitter does overlap in some measure the contour of an existing station, whether C.B.C. owned or privately owned? Where do you draw the line and say "we will not accept this application because there is some overlapping." How much overlapping does there have to be before you say "we cannot entertain that application?"

The CHAIRMAN: I notice that in the minutes at page 476 there was evidence given by Mr. W. B. Smith, Senior Radio Regulations Engineer, which has a bearing on this. Do you want me to read the paragraph, Mr. Fleming, so that we may review the information which was given?

The problem there, Mr. Chairman, Mr. Fleming, was that prior to the application of Kitchener there was in existence a station in London, and a station in Toronto, and one had been authorized for Hamilton. The interpretation we have placed on the government's single service

policy is that the A contours—that is, the grade A service contours—would not overlap in any case, and that the grade B contour of a new station would overlap the A contour of an existing station to a minimum degree. Those criteria were set forth to the consultant who, as a result, brought up the directional pattern which was subsequently authorized for Kitchener, and it complied very closely with the spirit and the letter of the single service coverage policy.

Mr. FLEMING: Thank you for that reference, Mr. Chairman.

By Mr. Fleming:

Q. Mr. Nixon, was the principle referred to there, which was the policy in that particular case, one of general application?—A. Yes.

Q. I take it then that the point where you draw the line with regard to the single service aspect of the single service coverage policy is that you will not permit any overlapping whatever of class A contour?—A. Yes, that is correct.

Q. And you will apparently permit some slight overlapping of the B contours but that overlapping must be confined to the minimum figure?—A. That is right, and it should be remembered that the basic principle is the extension of coverage to new areas, and the application must be examined to see to what extent it is providing or would provide services to new areas not now adequately served.

Q. That is not the aspect of the matter with which I am dealing in my questions. I am directing your thought—and I hope we understand each other clearly on this, Mr. Nixon—to the case of an application brought forward now which seems to impinge, perhaps slightly, perhaps more, on the contours served by an existing transmitting station. I am not directing my questions to a case of an application in an area which is not served at all. We are concerned about a new application which may appear to impinge in some degree on an area served by an existing station, whether operated by the C.B.C. or privately owned. Do we understand each other, and did your answer enunciate the general principle applied by the department to all these applications, namely that you will not accept an application if the contour of the proposed station overlaps in any degree whatever the grade A contour of the existing station, and secondly that you will tolerate overlapping of the B contours of existing stations only to a minimum degree? Is that a fair statement of the general policy which is followed?—A. Just for the sake of clarification, Mr. Fleming, you are referring to applications for new stations in relation to existing stations which are going to be to some degree overlapping?

Q. Yes.—A. Yes, we would apply those principles.

Q. Have I stated correctly the general principle which is applied in all those cases?—A. That is correct.

By Mr. Goode:

Q. Mr. Nixon, what is your understanding of A and B contours?—A. I do not think I could do better than to refer you to the covering document which is attached to the map.

Q. I wonder if you will put your understanding of this matter on the record, because I have some questions to ask on it and I would like to have your answer available. Use your own words if you like.

The CHAIRMAN: You want to know the difference between A contour and B contour?

Mr. GOODE: I want to know Mr. Nixon's understanding of A and B contours as an official of the Department of Transport.

The WITNESS: I do not think I could improve upon the wording which appears here on the document I have referred to.

Mr. GOODE: Where is that wording?

The CHAIRMAN: On the sheet attached to the map.

By Mr. Goode:

Q. Then let me refer to this. What is the grade A service area, and what the grade B service area? Let us stay with the notes which you have referred to me.—A. The grade A service area is the one within which good reception can be expected at most locations using an indoor antenna.

Q. So actually, Mr. Nixon, there is no difference with regard to grade A and grade B contours except in respect of the facilities available for reception at private homes. That is right, is it not?—A. There is a difference in the strength of the signal.

Q. But actually the receiving apparatus is the determining factor. No one in the home differentiates between A and B contours—so far as the ordinary householder is concerned it is merely a matter of the type of antenna which he has in his set. Is that right?—A. No. The signal is much stronger within the A contour than outside the A contour and within the B contour.

Q. But as far as the householder is concerned—the man who has bought a television set—the whole thing depends on the receiving apparatus—whether he has “rabbit ears” in the house or an antenna on the roof. That is a simple explanation, is it not, as far as the householder is concerned?—A. I think his service man would be concerned with the signal strength.

Q. Let us talk about the householder, because I think you are bound to agree with me that as far as the householder is concerned the only difference between A and B contours is in respect of the antenna he has to use on the set. Let me put it this way—you have a set within an A service area; if you have an indoor aerial you can pick up the signals well. If you move further away into a B service area you have to erect an antenna on the top of the house in order to get the same result. Isn't that right?

Mr. RICHARDSON: On page 479 Mr. Smith gave some evidence that might be helpful. Perhaps it will be helpful to the witness.

The CHAIRMAN: Have you got your minutes with you, Mr. Goode?

Mr. GOODE: I do not have the minutes with me, Mr. Chairman.

The CHAIRMAN: Can you state the lines you have in mind, Mr. Richardson?

Mr. RICHARDSON: It is marked there in red.

The CHAIRMAN: Is it marked in red in the book which has been handed to you, Mr. Goode?

By Mr. Goode:

Q. Well, Mr. Nixon, on page 479 Mr. Smith giving evidence said:

In general a grade A service is one which can be received with a minimum of antenna; a grade B service requires a more elaborate antenna and a fringe area service requires a first-class antenna installation in order to be received with any success. All we are interested in under the single service coverage policy is in seeing that grade A services are not duplicated.

That is just exactly what I have asked you and I think you would agree with that.—A. Yes, sir, I agree with that.

Q. So actually what grade A and grade B service areas are depends on the receiving apparatus in the home. Is that not the position?

By Mr. Knight:

Q. Has the element of distance anything to do with the strength of the signals?—A. Yes, very much.

By Mr. Goode:

Q. That is what Mr. Smith says if I understand it rightly. But reception depends, according to his statement, on the antenna used. I am not going to argue too much about this point. I take this view: that reception in the service contours you have given us really depends entirely on the receiving apparatus which is in the home. There may be other things which come into the question, but this is the important one. Before I go on, there is one further question I would like to ask: is Barrie, Ontario, operating?—A. No.

Q. But you have given them a licence according to this map?—A. We have authorized construction.

Q. If that is true there are five stations which can be received in the Toronto area according to your contour map—four now, and one when Barrie is in operation.—A. I am not quite clear—may I have your question again?

Q. According to your map there are five stations which can be received in the Toronto area—four now and one when Barrie is operating. Is that correct?—A. Can you name the stations, Mr. Goode?

Mr. FLEMING: Excuse me, Mr. Goode. Do you mean Canadian stations?

By Mr. Goode:

Q. Yes. I see there Hamilton, Kitchener, Peterborough, Barrie,—when it is operating—and Toronto itself. According to your contour map that statement is correct. There will be five Canadian stations received in the metropolitan Toronto area.—A. I do not believe that to be correct.

Mr. REINKE: And B coverage.

Mr. GOODE: If you will count the number of the stations you will find that there are four now, and one more when Barrie is operating. That will be five, if I can read this map.

An Hon. MEMBER: You will not receive Barrie in Toronto.

By Mr. Goode:

Q. According to this map it is well within the contour area.—A. It is true that the B contour of Barrie overlaps B contour of the Toronto station, but the B contour of Barrie is still north of the metropolitan area.

Q. But it could be received in the metropolitan area?—A. I don't believe it would be received.

Q. Just what is the outside contour of the Barrie station?—A. That is the B contour?

Q. Does not that overlap now the Toronto area?—A. It appears to be approximately 20 miles north of the centre of the city of Toronto.

Q. I am not talking about the centre of the city. My question related to metropolitan Toronto and I asked you, according to your map, whether Barrie would not be received within that metropolitan area? I have not said "Toronto". I said "the metropolitan area" and I say that according to your contour map five stations will eventually be received within that area.

Mr. FLEMING: There is a problem here as to what should be the geographical interpretation of the expression "metropolitan Toronto". I rather think, Mr. Goode, that you and the witness are using the expression in a different sense. After all, when you talk about "metropolitan Toronto" there is a municipality of Metropolitan Toronto. Then we use the expression "metropolitan area" rather loosely with reference to the larger area which has large

communities within it, but which is not necessarily within the strict limits of the municipality of Metropolitan Toronto. That may be the reason why Mr. Goode and the witness are not at one.

Mr. GOODE: Let me change my question somewhat: ultimately according to your contour map, there will be five stations within the contour of CBLT Toronto. Is that not true?

Mr. WEAVER: This might help to clarify the point—is this map on the scale of 50 miles to the inch?

The WITNESS: The scale is shown on the sheet.

Mr. WEAVER: I have not got a rule.

The WITNESS: It is approximately so but I would draw attention to the fact that all the maps are not drawn to the same scale.

By Mr. Goode:

Q. I want to make the point on which I started if I may. You have two contour circles surrounding the station. I take it that the outside contour marked—if I know my artillery maps—is the extent to which you expect the station to be received. Is that right?—A. In the manner defined in the covering statement with the maps.

Q. If that is true it will eventually be possible for five stations to be received within the contour of CBLT Toronto? I am only expressing to you what is said on your own map.

The CHAIRMAN: Order. Let Mr. Nixon answer, now.

By Mr. Goode:

Q. I would like to have an answer to this one question because it is most important in any argument I may wish to present at a future date.—A. I believe there are only four stations apart from Toronto.

Q. Would you tell me what those four stations are? I want a reply because the contour map does not go on the record.—A. Peterborough, Barrie, Kitchener and Hamilton.

Q. And Toronto?—A. Yes.

Q. That is five. So my original suggestion was correct, that eventually five stations would be received in the area confined within the contours of CBLT?—A. Within limited portions of the area served by CBLT.

Q. All right. Now may I refer to Alberta. I am not going to take too long about this, because there are other questions to follow. CFRN Edmonton and CHCT Calgary are both operating—is that true?—A. That is true.

Q. And your department is now inviting an application for a station at Red Deer?—A. We do not invite applications.

Q. But there have been suggestions—it has been decided by your department that a television station is going to be approved for the city of Red Deer?—A. We have received an application which is being processed.

Q. And am I correct in saying that it will be approved—that some application in respect of Red Deer will be approved?—A. I really do not know.

Q. May I say that it is my impression that approval will be given?

If Red Deer is allocated a channel in the Canadian television picture will it not overlap the Calgary transmission?—A. The application before us complies with the single service coverage policy.

Q. We have to take that answer because you are not the minister of the department. Let us turn to British Columbia for a moment.

By Mr. Fleming:

Q. May I ask one more question, Mr. Nixon, about your last answer. You say that the department has decided that the application for a proposed station at Red Deer would conform to the single service coverage policy. That means that the grade A circle of the Red Deer station would not impinge on the grade A circle of the Calgary station, but that the grade B circle could overlap. Can you tell me to what extent the B circles of those two stations—that is, the existing station at Calgary and the proposed station at Red Deer—would overlap?—A. We do not happen to have the contours for the proposed Red Deer station and not having that information I would be reluctant to estimate the degree of overlap.

By Mr. Goode:

Q. Mr. Nixon, this is most important. Would you not agree that if you put a station in at Red Deer it would be almost impossible for it not to overlap the Calgary contour?—A. The B contours will obviously overlap.

Q. I take it that A and B contours are exactly the same.

The CHAIRMAN: You take it?

By Mr. Goode:

Q. I just want to ask one question now regarding British Columbia, and members may be surprised that I am limiting myself in this way.

If a television station was established at Victoria and Nanaimo would it also overlap CBUT at Vancouver?—A. That is a general question.

Q. It is not a general question. I want to hear it put on the record that Victoria and Nanaimo are well within the CBUT contour. It is only natural that they should be well within it.—A. A very great proportion would be within the contours.

Mr. FLEMING: Nanaimo would be within the A contour?

The WITNESS: Yes.

Mr. GOODE: All that means is that people would have to use an outside antenna in British Columbia. That is all.

By Mr. Knight:

Q. I am confused because Mr. Goode has put his own interpretation on the record more or less as evidence, and I am not yet clear about it, and I do not accept Mr. Goode's assertion that A and B areas are the same; I would deny I think if I knew anything about it his assertion that whether you are in an A area or a B area is merely a matter of the type of instrument you have in your home for reception.

Let us take the A and B circles round Calgary. Is it not true that if you are out on the extreme edge of the B circle or a little further out still, your reception would be extremely poor irrespective of what type of machine you had in your home or of the type of antenna you were using?—A. Yes.

Q. In other words we come back to the original question: does not the element of distance play an important part in determining the strength of the signal? Am I right in saying, with respect, that Mr. Goode is wrong in his assertion that the only difference between reception in A and B areas depends on the type of apparatus you have in your room?

The CHAIRMAN: Order gentlemen, I think this would be an appropriate time to give a break to the reporter while the salute of guns is going on outside.

(On the resumption of business:)

By Mr. Goode:

Q. I think on a matter of privilege here, Mr. Chairman, I should take exception to Mr. Knight saying I was wrong. I am wrong on many occasions, I admit, but in this case it is the matter of the evidence which has been given by the Department of Transport itself. It says this in its communication to us this morning; the inner contours shown on the maps encompass the grade A service area and the outer contours the grade B service area and—this is the point—

Good reception can be expected at most locations in the grade A service area with an indoor antenna and in the grade B service area with an outdoor antenna.

Hence my assertion that it is a matter of the antenna which is used in general practice. Those are the words of the department; they are not mine.

By Mr. Knight:

Q. My question was, Mr. Chairman, is it in fact entirely a matter of the antenna used—I think my question boils down to that—or does the element of distance not regulate to some extent the strength of the signal? That is my question. I have one more when you have answered it.—A. I think I may answer that by saying that it is a function of both. Definitely the signal diminishes as the distance from the station increases, and to some degree the quality of reception can be restored by improving the efficiency of the antenna, but other factors come into the picture—interference from man-made electrical equipment and so on which tend to cause reception to deteriorate at a greater distance.

Q. One more question and I think the position will be clear. Let us take the area around Calgary—the A and B circles. We shall suppose for the moment that a man lives on the edge of B area. His reception at times, irrespective of the type of the antenna he uses, will be poor due to the fact that he is a long way from the city. We shall suppose that that man changes his location and moves into a location inside the A circle. Would his reception by virtue of that move of location not be considerably improved, supposing he uses the same antenna that he used in the other spot?—A. Using the same antenna there would be a considerable improvement.

Q. Thank you. That is all I want to know.

By Mr. Reinke:

Q. Mr. Nixon, is there such a thing as C coverage—a C coverage area? —A. The term has been used. It indicates what we generally refer as a fringe area.

Q. Could you answer this: these boundaries which are recorded here—are they more or less theoretical in character? How effective is the theory of A and B coverage—in other words do people with receiving sets pick up A coverage outside the A contour boundary?—A. Oh yes, it does vary with the location.

Q. Just one more question in that respect: can you explain to the committee, from the standpoint of general information, why the contours vary so widely in their shape? I notice that the contours often take on a definite pattern—there is one in Hamilton, for instance, which is shaped like a sausage, you might say, and others have small protrusions. How is it possible technically for the stations to transmit in the patterns which are laid out here on this map? How is it done?—A. The determination of the contour depends upon a great many factors such as the characteristics of the antenna, the terrain surrounding the station, the power and the frequency and when all those factors are taken into account, those shapes are the result.

Q. And is the result in practice actually as is shown here—is this theoretical, or is it the result observed in practice?—A. You would not find all locations along an A contour measuring the same signal strength. We know from practical experience that the reception varies considerably even though the distance from the station may be the same, but the contours given are intended to represent an average.

Q. Just one more question. I think someone has pointed out—I cannot remember now who it was—that the station in Barrie being on channel 3 would mean that those persons in Barrie who are now receiving Buffalo will in future not be able to do so. Will channel 3 obliterate channels 2 and 4 to a great extent once the station comes into operation?—A. I would like to ask Mr. Smith to speak on that point if I may.

The CHAIRMAN: Very well. Did you get the question, Mr. Smith?

Mr. REINKE: I am not concerned with the reception from Buffalo, as a matter of fact. I would not care if it was not received.

Mr. W. B. SMITH (*Senior Radio Regulations Engineer*): Adjacent channel reception is largely a matter of the engineering of the receiving set itself and if the receiver has an adequate selectivity and is used in conjunction with an antenna which is reasonably directional and the two stations concerned are not in the same line there should be no difficulty in separating the stations. However, if they are in the same line the only way to separate them is through having a receiver with reasonably good selectivity, and such sets are on the market.

Mr. REINKE: What about the possibility of receiving the transmission from Barrie in Toronto?

Mr. SMITH: In order to receive Barrie in Toronto you would have to have a fairly good antenna in conjunction with highly directional characteristics, and if it were directed at the Barrie station nothing would be received from Buffalo.

Mr. GOODE: Would it not be possible to have an antenna such as I have at home. By pressing a button I can direct my antenna in any way I desire, so as to receive either CBUT or American stations. We have to have that in Vancouver because of the presence of transmitters in the United States.

Mr. SMITH: The rotating type of antenna is fairly common and if one wishes to receive a number of stations in various directions to the exclusion of others it will be found very advantageous.

Mr. GOODE: Everyone has it in Vancouver and it is possible in the Toronto area, I should think. It is effective except in the very rare locations where the stations concerned are in a direct line.

By Mr. Fleming:

Q. May I go back to an earlier question, Mr. Nixon. You said earlier that the policy of the department was not to permit overlapping with the grade A circle of any existing station by any new applicant, and that as far as overlapping of the class B circle was concerned it would only be permitted to a limited degree. Is that correct?—A. That is correct.

Q. Is there any case where you would permit the overlapping of the class A circles of an existing station by the class B circles of an applicant—in other words, to put it plainly, would you allow the inner circle of an existing station to be overlapped by the outer circle of the applicant?—A. That would be an overlapping between grade B of the proposed station and the grade A contour of the existing station. That is allowed in accordance with the policy.

Q. You do allow that?—A. It is in the record I believe.

The CHAIRMAN: On page 476.

By Mr. Fleming:

Q. Am I to understand then, Mr. Nixon, that the policy frowns upon the overlapping of these class B circles to the point where it will be tolerated only to a minimum degree, but notwithstanding that fact the policy does permit the overlapping of the inner circle—the class A circle of the existing station—by the class B circle of an applicant?—A. I do not think I can do better than refer to page 476 of the minutes where our general policy is outlined, and you note there, Mr. Fleming, we have said nothing about the overlapping of grade B contours with another grade B.

Q. But you did this morning.—A. If I did it was in error.

Q. I came back to it several times. What you said this morning—and you referred to the evidence on page 476—was that you would not permit under any circumstances the class A circles or contour of an existing station to be overlapped by the grade A circle or contour of an applicant station. We are quite clear on that?

The CHAIRMAN: Mr. Smith will deal with this answer.

Mr. FLEMING: Mr. Nixon gave me a clear answer on at least two occasions this morning. I would like to pursue the matter.

The WITNESS: Would you repeat the question please?

By Mr. Fleming:

Q. Did you not say this morning that it was the clear and definite policy of the department not to permit the class A circle or contour of any existing stations to be overlapped in any degree by the class A contour of an applicant station?—A. That is correct.

Q. Did you not also say that it was the policy of the department not to permit the class B circle of an existing station to be overlapped by the class B circle by an applicant station except to a minimum degree?—A. If I said that it was in error. I was merely repeating the policy which has been placed in the record previously which states that the grade B contour of a new station should not overlap the grade A contour of an existing station except to a minimum degree.

Q. I am afraid you gave me that answer twice or three times. Am I to understand now that you are not saying that it is the policy not to permit Class A contours of existing stations to be overlapped by Class B contours of applicant stations?—A. In answer to that I think the evidence on page 476 outlines the rule.

The CHAIRMAN: Did you read that?

By Mr. Fleming:

Q. I want to get this clear. We have dealt with the two Class A contours. You do not allow overlapping there?—A. That is correct.

Q. What you said to me earlier this morning—and if you want to correct it let us have it now—was that it is the policy to permit Class B contours of existing stations to overlap Class B contours of existing stations only to a minimum degree. If that is not a fact, now is the time to correct it.—A. That is not a correct statement.

Q. Well, first of all, with regard to the two Class B contours, will you make your correct statement, please.—A. We have no rule with respect to the two Class B contours.

Q. So it is quite permissible even in an application under the single service coverage policy to have an overlapping of Class B contours?—Yes.

Q. There is nothing in the policy which frowns on that kind of overlapping?—A. No.

Q. So, in that situation, people who have an outdoor antenna really are outside the scope of the so-called single service coverage policy?—A. I do not understand your question.

Q. We are dealing with Class B and with people who have outdoor antenna, and if there is nothing in the policy which prevents the overlapping of Class B areas, then there is nothing in this so-called single service coverage policy which frowns upon applications for duplicate service for people with outdoor antennas.—A. The single service coverage policy is designed to extend coverage. In so doing there will be areas created in which more than one station can be received.

Q. Let us come down to that. I thought I put my question to you very clearly, Mr. Nixon. There is nothing in the so-called single service coverage policy which is intended to prevent duplication of facilities in the cases I have been talking about of overlapping, for people who have outdoor antennae?—A. The application of the single service coverage policy, as I have said, is designed to extend the coverage, and in so doing duplication to a degree must be tolerated.

Q. Well, you do not need to keep repeating about the purpose of the single service coverage policy. I am trying to invite you to answer me in regard to this duplication in reference to people who have outdoor antennae, and I put it again to you for the third time: that as this so-called single service coverage policy is being applied, there is nothing in it which prevents duplication of facilities for people with outdoor antennae?

Mr. REINKE: In a Class B area.

Mr. FLEMING: They are in a Class B area if they have outdoor antennae.

Mr. REINKE: I think you should include that as well.

By Mr. Fleming:

Q. I do not think I need to, they are synonymous.—A. I am not certain as to the relationship of the outdoor antenna. There will be duplication, and in some cases indoor antenna will receive two stations, while in other cases it might require an outdoor antenna.

Q. In cases where only an outdoor antenna does give reception that is what we are talking about, this single service coverage policy does not prevent duplication for the people with outdoor antenna?—A. It is not intended to avoid that duplication.

Q. Well, it does not affect it then in the cases I am talking about?—A. No, it does not.

Q. You say it is not intended to avoid duplication in all cases. Is that what we are to understand?—A. Well, in giving the effect to the policy, there must of necessity be duplication to a degree.

Mr. GOODE: In actual fact, there is no single service coverage policy any more. In the Toronto area it has been brought up four times that there is no single service coverage policy any more.

The CHAIRMAN: Mr. Nixon cannot answer that question. I think you are going too far into the interpretation of the single service coverage policy and I do not think that Mr. Nixon should be called upon to answer that question.

By Mr. Fleming:

Q. I would like to follow it up. I have dealt with two cases in my questioning to Mr. Nixon, the question of the overlapping of class A circles on the one hand, with class B circles on the other hand; and there is a third

case which in fairness we should look at for a moment. That is a matter of the overlapping of Class A circles with class B circles of another station. What is the policy of the department in a situation like that?—A. Mr. Chairman, that would be outlined on page 476.

Q. Is that the case where you do permit overlapping to a minimum degree?—A. That is correct.

Q. So we have got three cases now. You won't allow any overlapping of two class A circles; you will allow overlapping of class B circles; and you will allow overlapping of class A with one of class B, but only a minimum degree?—A. That is correct.

Q. Is that a fair and complete statement of the policy as it is applied?—A. Perhaps I should add to that the fact it has been outlined elsewhere in the evidence that the new station must be giving service to areas not now adequately served. That is the basic principle of the policy.

Q. I think we can assume that this will not be the only service, and that it is not just going to be a complete duplication. I think that we can assume that this is more an overlapping of circles which are not concentric. We are at one on that.—A. The reason I made the statement is that you can probably concoct some proposal which would comply with this yet not give any service to new areas; so we must keep the basic principle in mind.

Q. I think we can assume and understand that we are not going to deal with it simply on that basis of duplication and nothing more. I was looking again at the Calgary map and I think it is quite clear, is it not, that while you could not tell me the margin of overlapping of the class B circles, if a station is licensed, let us say, at Red Deer, is it not fairly clear from the map that if a station is licensed at Red Deer its class A circle is going to overlap the class B circle of the Calgary station?—A. I think Red Deer is approximately 20 miles north of the class B contour of Calgary. I presume there would be some overlapping but I could not say just how much. We have not got the data with us.

Q. I realize you are not saying exactly how much it is going to be, but I take it that it is pretty clear from the map that there will be some overlapping of the class A circle from Red Deer station and the class B of the Calgary station. Isn't that correct?—A. We have information to indicate that the proposal for Red Deer is for a fairly low-powered station, and it is quite conceivable that there would be no overlapping.

Q. Is the policy of the department then to discourage an applicant at Red Deer from using as much power as perhaps he would like to use in order that his class A circle will not overlap the class B circle of the Calgary station?—A. We would not discourage the applicant as long as he complied with the single service coverage policy.

Q. No, but does this one single service coverage policy not mean this: that this applicant's chances of getting his station at Red Deer are better if he uses low power than if he uses higher power which would give a clearer signal in the area of his coverage?—A. I would say that certainly would be to the point where the grade A contours would overlap it, and it would require a considerable amount of power; I do not know whether it would be within the treaty; he certainly would not be discouraged, because in that instance he would be giving service to a very large new area.

Q. You have not answered my question at all. I asked you if the chances of his obtaining a licence in Red Deer would not be much better with a low power than with a high power station which he might otherwise wish to set up, just because you might not wish his class A circle to overlap the class B circle of Calgary.—A. There would be no difference up to the point where it might conflict with the policy.

Q. No, let us not talk about conflicting with the policy. Let us talk about the application of the policy in terms of the way it works out with regard to the existing circles on this map. I ask you for the third time if this applicant at Red Deer would have a better chance of obtaining a licence with low power than if he used higher power which he might otherwise to use because in that way by reason of the low power his class A circles would not overlap the class B circles of the Calgary station.—A. Well, Mr. Chairman, he can apply for as much power as he wishes under the treaty, or up to the limits under the treaty, up to the point where it would conflict with the policy. Below that, we would not encourage or discourage him in the matter of power.

Q. No, you have not answered my question.

The CHAIRMAN: I understand you are asking Mr. Nixon if a low-power station would be better for the applicant.

By Mr. Fleming:

Q. He would have a better chance of getting his licence if he had a low-power station, because the low-power station means a smaller class A circle, therefore there would be less overlapping with the class B circle from the Calgary station?—A. There would be no difference, we would not discourage him from applying for more power.

Q. No?

The CHAIRMAN: Would there be any difference between the two powers, either low power or high power? Would there be any difference in the coverage?

The WITNESS: No, there would be no difference provided the higher power does not conflict with the policy.

By Mr. Fleming:

Q. When you translate that into terms of applications of policy, in the circles around that Calgary station—A. I think there would be no overlapping with grade A contours, from Calgary.

Q. What about the overlapping of grade B contours from Calgary with grade A contours of the new station, or vice versa?—A. That would have to be considered in relation to the new area which was being served.

Q. I know it would have to be considered, but what is going to be the form of the application of the policy? Will that application permit the licensing of this man at Red Deer with such power as will give him a class A circle which will overlap in respect to the class B circle of the Calgary station?—A. Are you referring to the actual application which has been submitted?

Q. I have been told that an application has been submitted. I have not asked you for details about the power of the station, but I do ask you about the application of the policy under those circumstances.—A. I think I am quite safe in saying that the application which has been submitted conforms to the policy.

Q. Does that application involve any overlapping of class A circles of the Red Deer station with class B circle of the Calgary station?—A. I am sorry, but we have not got that information with us.

The CHAIRMAN: You have not that information? Mr. Nixon he has not that information, Mr. Fleming.

By Mr. Fleming:

Q. Then, if you have not got the exact particulars of this application, let us test it on the basis of factors which may in part be hypothetical. If the

power of the proposed station at Red Deer is such that its class A circles will overlap the class B circles of the Calgary station, will that rule out the application?—A. Not necessarily.

Mr. RICHARDSON: I am trying to be helpful. If you look at the contour map around your constituency. I think you would get the answer right there.

Mr. FLEMING: I will come to that, if Mr. Richardson does not mind.

The CHAIRMAN: He said he was only trying to be helpful.

Mr. FLEMING: His intentions are very good, Mr. Chairman, and I will give him credit for his good intentions.

Mr. BOISVERT: Take a short cut and go to Toronto.

By Mr. Fleming:

Q. Will the chances of the applicant for a licence for a station like that be improved in inverse proportion to the extent of his overlapping of the class A station with respect to the class B circle of the existing Calgary station?—A. If the overlapping appeared to be at the expense of new areas to be served, the chances of approval would be reduced.

Q. Other things being equal, the chances of his being licensed are diminished in proportion to the extent to which the class A circle of the applicant will overlap the class B circle of the existing station?—A. We cannot divorce that consideration from the consideration of the new area to be served.

Q. Will you answer my question, please?

Mr. RICHARDSON: He already answered it.

The CHAIRMAN: I think that was a fair answer.

Mr. FLEMING: It was a fair question.

The CHAIRMAN: It was a fair answer too. I do not think that Mr. Nixon can give another answer.

Mr. GOODE: Would you be good enough to allow me to ask a question in cooperation with Mr. Fleming?

The CHAIRMAN: Yes.

By Mr. Goode:

Q. Do you know what power was included in the application for the Red Deer station?—A. 4,540 watts video power.

Q. Can you tell us of a station in Ontario that has been permitted to use that same power, when perhaps we can get an idea of what Mr. Fleming is trying to obtain from the witness?—A. It would be impossible to simplify it to that degree because the type of antenna, that is, the antenna height, and the surrounding terrain must be taken into consideration.

Q. Can you give us a comparison to that with another station in Ontario, in general terms? None of us are experts. Perhaps we could get a rough picture of the whole thing.

Mr. REINKE: How does it compare with Brandon, for instance?

The WITNESS: Mr. Chairman, Sudbury, for example, would be lower, and Port Arthur would be higher. We have not got one which is exactly the same.

Mr. GOODE: That would give a good idea to Mr. Fleming.

By Mr. Fleming:

Q. May I go back now to my question and if it is not clear I will try to put it more clearly. It seems to me that it admits of a very short answer, and an unqualified answer. Do the chances of the applicant not vary in inverse proportion? Let me put it positively: do they vary in inverse proportion to the

extent to which this class A circle is going to overlap the class B circle of the existing station? Is that the way the policy works out?—A. I cannot give you a yes or no answer.

Q. Give us the best answer you can.—A. Coupled with that consideration must be the consideration of the new area to be served.

Q. All right, I am prepared to take that factor into account; but with other things being equal—and that will include all the factors you are speaking of—are the chances of an applicant not better to the extent to which his class A circle will not overlap on the class B circle of the existing station?

Mr. BOISVERT: The witness answered that question three or four times.

Mr. FLEMING: No.

Mr. BOISVERT: Yes, four times at least. He has answered your question at least four times.

By Mr. Fleming:

Q. The witness set up some qualification which I am covering now, and I am saying, all other things being equal.—A. I do not think you can reduce it to that simple form, Mr. Chairman.

By Mr. Reinke:

Q. Is it not true that a station could telecast from a very high power and yet it may be protected from other channels so that it may not overlap the station to which Mr. Fleming referred? They could operate at a maximum and yet overlap to but a very limited degree by use of a directional antenna?—A. A directional antenna may be used to limit the degree in television broadcasting; I mean that the directional characteristics in one direction as opposed to another direction.

Q. That could also be a factor in giving them the maximum power that they should ask for, by using a direction antenna, they could be given added power yet they would overlap to a minimum. That is another factor.—A. It could; it is a factor.

Mr. FLEMING: That is what I was trying to include by saying "other things being equal".

By Mr. Knight:

Q. I would like to put a question simply for my own information and for no other reason. Is it not true that the policy, generally speaking, is not to overlap, but that certain overlapping is allowed where it cannot be helped? In an effort to give service to the greatest possible area which is not served at all; is that the situation, generally speaking, or the policy?—A. The policy is to serve new areas not now served and in so doing to accept overlapping to some degree.

Q. In carrying out that policy to give the widest possible service to people who are not covered at all, you have to admit a certain amount of overlapping because it cannot be avoided?—A. That is correct.

By Mr. Weaver:

Q. Would it not be reasonable to assume from looking at the map that a station at Red Deer could be more powerful than either the one at Calgary or Edmonton without conflicting with government policy?—A. It would appear that a station with maximum power allowed under the treaty could be installed at that location.

Q. I would like to go back to what I was questioning the witness about before; some of those points have been covered since, but am I correct in

saying that the number of people reached by the A contours would be determined by the height of the antenna, the power of the station, the frequency, the antenna design, and other factors?—A. Yes.

Q. Generally speaking, where the population is concentrated, the coverage according to a possible accepted ratio of population to the pattern would be simple with a powerful station?—A. I wonder if you would mind repeating that question.

Q. Generally speaking where the populations are concentrated, that would be in large centres such as Montreal and Toronto, the coverage according to a possible ratio of population to the pattern would be simple with a powerful station?—A. I am not sure.

Q. Let me go on: as centres of population get smaller, then the required power of the station would get less for the same coverage in terms of number of people?—A. If you are intending to serve a very heavily populated and high density area, to a limited extent the power of the station would not have to be very great.

Q. When you get down to small centres such as Brandon, you would get the same ratio of population to the pattern with much less power than in the case of Montreal, for instance. Would that not be correct?—A. I think you used the term "ratio of population to the pattern". I am not quite clear what is meant by that term.

Q. That is what I asked you about at the beginning of the meeting today; if there is any relationship in administering the policy between the number of people that you can cover on the one hand and the type of the tower of the station and so on, and the various factors which you mentioned.—A. I cannot think of any simple relationship there.

MR. REINKE: I think he means that a six thousand watt station in Brandon might cover 20 thousand people, while a 100 thousand watt station in Montreal might cover 500 thousand people.

By Mr. Weaver:

Q. The density of population surrounding each place out from ten, to fifteen to twenty miles would be less than the population centre itself.—A. Yes.

Q. So, keeping that in mind, would you advise an applicant as to what power would be acceptable within the range, or would you just leave it to him to come in with an application and if it fitted in, to say "yes", and if it did not fit in, to say "no"?—A. The latter is correct. But I would mention that the C.B.C. in considering applications might give consideration to the number of people to be served and matters of that type.

Q. Would anyone undertake to advise the applicant what type of application might be acceptable and what type might not be acceptable?—A. His consulting engineer would be in a very good position to advise him.

Q. But would the consulting engineer not be only in a position to advise him on purely technical aspects, and would hardly be expected to advise him on over-all government policy on the question?—A. Consulting engineers are well aware of the single service coverage policy and the general rules. I think they could give considerable advice to the prospective applicant.

Q. It seems to me that since there is not very much money in Canada available for television and since there are so many people to be covered, that an applicant might be entitled to get advice beyond the scope of what a purely technical consulting engineer could give. Would that be a fair assumption?—A. I think it is fair to say that both the Department of Transport and the C.B.C. welcome discussions with private applicants.

Q. I think that would cover it.

Mr. RICHARDSON: Again this is not to try to help Mr. Fleming, but to try to help Mr. Weaver. If you look at page 500 of the minutes of our committee, you will find in the application form there is set forth these words "to assist the board of governors in its consideration of your application... and so on".

The CHAIRMAN: I think we will have to give another break to our reporter. The reporters have been writing all the morning, if not in this committee, in other committees. So I think we should adjourn now and come back this afternoon at 3:30.

Mr. WEAVER: Mr. Chairman, before we adjourn, and while this point is fresh in our minds, Mr. Richardson has read from the application referring to information coming to the C.B.C., whereas I refer to advice coming down to them from C.B.C.

The CHAIRMAN: We shall discuss that this afternoon if you don't mind.

EVIDENCE

JUNE 2, 1955.

3.30 p.m.

The CHAIRMAN: Gentlemen, I see we have a quorum. We had better start right away. Have you any questions to ask, Mr. Fleming?

By Mr. Fleming:

Q. May I ask Mr. Nixon if he has now had an opportunity of looking at his file on the application for the Red Deer station and whether he can tell us what is the power?—A. I think we gave the power this morning—4,000 odd watts.

Mr. GOODE: 4,500 watts.

The CHAIRMAN: That is right, 4,500 watts.

By Mr. Fleming:

Q. Has Mr. Nixon had an opportunity to consult the file and can he tell us now what are the anticipated class A and class B contours of the station?—A. Yes, Mr. Chairman. There is no overlapping of the new B contours with the A of an existing station nor is there overlapping between A contours.

Q. The A contours are clear and the B contours in each case are clear of the A contour of the other?—A. That is right.

Q. And what is the extent of the overlapping of the B contours?—A. It is rather minor. I suppose that the Calgary B contour must overlap the Red Deer B contour by something like 20 per cent.

Q. 20 per cent of what?—A. 20 per cent of the Red Deer B contour.

Q. That is 20 per cent of the total class B circle around the Calgary station A would overlap the B circle of the Calgary station. Is that correct?—A. It would be something of that order.

Q. Can you give us the width of the overlap in miles—it might be easier to understand. Just approximately.—A. It would appear to be 15 miles—between 10 and 15 miles.

Q. I take it as obvious, Mr. Nixon, that if the station strength at Red Deer were greater the overlap would be greater also?—A. There would be greater overlap between grade B contours but it would not be overlapping with which we are concerned in the application of the single service coverage policy.

Q. I am trying to keep this as simple as I can without bringing in qualifications about the policy. I asked a simple question: if the Red Deer station were licensed for greater power than the 4,500 watts you have given us, the overlap with the Calgary contour would be greater?—A. If they maintained the same antenna characteristics, yes.

Q. Now after the treaty was made we, I suppose, entered upon arrangements to determine the contemplated contours of stations set up to occupy the various channels which were signed to Canada under the agreement?—A. Mr. Chairman the treaty was developed on the basis of a certain maximum power limit associated with the various groups of channels and certain antenna heights. Beyond that I do not know of any planning until we entered upon the single service coverage policy.

Q. Well, are there in the department today any studies of this kind—have you any maps showing the contours of stations as occupying channels assigned to Canada under the treaty?—A. No, I do not think so. I cannot recall any study in connection with their allocation other than the one I have mentioned.

Q. Do we take it then that these maps submitted to us today are the only ones in the department which indicate the contours of stations if those stations were licensed to occupy channels in accordance with the assignments to Canada under the treaty?—A. There may be other maps associated with proposals which have been under consideration at one time or another—proposals which have not been proceeded with.

Q. Let us put it this way: the treaty provided, did it not, for the allocation to Canada of certain television channels and indicated the locations within 250 miles of the border. Is that correct?—A. Yes.

Q. Perhaps I may refer to clause (f) of the treaty.

Tables A and B contain all the assignments made to the provinces and states within 250 miles of the border. The specific assignments within 250 miles of the border are accepted.

You are aware of that provision in the treaty?—A. Yes.

Q. And is it a fact that the area to be covered by the Red Deer station would be within 250 miles of the border?—A. In so far as the location of channels is concerned, the same principles have been applied throughout all of Canada.

Q. But that was not my question. Mr. Nixon, I asked you a very simple question. I asked you if the area to be covered by the station at Red Deer would be within 250 miles of the border.—A. It would appear to be just within 250 miles.

Q. It is quite evident by scaling of the distance on this map that it is within 250 miles of the international boundary, is it not?—A. Red Deer city is.

Q. Does the treaty provide for the allocation of power depending upon the particular channel? Let me enlarge my question—do you recall this provision in the treaty:

All station assignments within the scope of this agreement shall have an effective radiated signal in any vertical or azimuthal plane not in excess of—*a.* 100 kw for channels 2-6. *b.* 325 kw for channels 7-13. *c.* 1000 kw for channels 14-83.

What channel is Calgary on? It is number 2, is it not?

A. That is right.

Q. And Edmonton is on channel 3 is it not?—A. That is right.

Q. And is channel 6 available so far as the treaty is concerned, for use at Red Deer?—A. Yes.

Q. And was it not contemplated according to the original studies made that there would be a station at Red Deer occupying channel 6?—A. An allocation was made to Red Deer assuming there would be one.

Q. And is the applicant for the Red Deer station now applying for channel 6?—A. Yes.

Q. That is an application which is now before the department—an application which, as I understand it, has been completed in form and has now been referred by the department to the C.B.C. Board of Governors for a recommendation. Is that correct?—A. The application is under study in the department.

Q. It is an application for channel 6?—A. Yes.

Q. And under the treaty channel 6 is allowed a strength up to 100 kilowatts, is it not?—A. Yes.

Q. Now is there anything under the treaty, apart from this so-called policy of single service coverage, which would prevent the licensing of that Red Deer station on channel 6 up to the full strength of 100,000 watts allowed in the treaty?—A. No.

Q. May we take it then that it is the single service coverage policy which would prevent the department from entertaining an application for that channel to be used up to the full 100,000 watts permitted by the treaty?

MR. GOODE: I think, Mr. Chairman, that we should be fair. I have a friendly feeling for Mr. Fleming and I sympathize with him in his argument and I agree with him in parts of the argument he is making, but I think the committee should understand that all the evidence we have at the moment is that the station has applied for a certain power. I have not heard anything said yet about a greater power, and I have been waiting to hear Mr. Fleming ask questions on this—that this is the amount of power which is to be allowed to the Red Deer station as a result of consultation either between the department in the first instance and the station, or between the C.B.C. and the station, and I rather think that Mr. Fleming should question the witness with regard to this power of 4,500 kilowatts, or else establish that this has been decided with the recognition of the C.B.C. and the transport authorities. I do not think Mr. Nixon should be put in the position of answering questions which certainly have no basis in fact. As I say, I sympathize with Mr. Fleming in his questions as he knows, but let us be fair to the witness.

MR. FLEMING: If Mr. Goode will be patient we shall come to all those points, and perhaps to one or two others as well.

MR. GOODE: Again, before Mr. Nixon answers, I am going to point out that Mr. Fleming is proceeding on the supposition that 100,000 watts—a power of 100,000 watts—was being considered for this station or could be considered. Before this committee at the moment is an application for some four thousand odd watts so far as the board is concerned. I was wondering whether Mr. Fleming was going to address a question to Mr. Nixon because we have no evidence on the supposition that was made with regard to the power of the station.

MR. FLEMING: My question does not relate to whether there has been an application filed in respect of channel 6 at Red Deer up to the full strength of 100,000 watts. It does not depend upon that. My question to the witness, Mr. Chairman, is whether the single service coverage policy would permit it.

THE CHAIRMAN: Would you answer that, Mr. Nixon?

The WITNESS: I do not think I can give a "yes or no" answer to Mr. Fleming's question. I would like to recall the rough opinion I gave this morning to the effect that I believe a station of 100 kilowatts could be established at Red Deer and conform to the single service coverage policy if we wished to do so.

By Mr. Fleming:

Q. What do you mean by that?—A. The antenna characteristics might have to be of a certain nature.

Q. Will you just enlarge on that a little?—A. Somewhat directional.

Q. In other words you would have to install a directional antenna to prevent the signal going south into the contour of the Calgary station. Is that correct?—A. I would not like to say positively that you would, but it might be necessary.

Q. Is that the kind of engineering qualification which you were referring to—that might have to be used if the station were licensed up to the full 100,000 watts?—A. Yes.

The CHAIRMAN: Did you tell the committee, Mr. Nixon that this request for a new station at Red Deer was under consideration in your department, or that it has been fully considered and sent to the C.B.C.?

The WITNESS: I am informed that it has been sent to the C.B.C.

By Mr. Fleming:

Q. And it will be coming before the next meeting of the Board of Governors in the last week of this month, I presume?—A. I presume so.

The CHAIRMAN: Don't you think Mr. Fleming, that these questions should be put to Mr. Dunton now that the request is before the C.B.C.?

Mr. FLEMING: No. I think there is a point here. It is one thing to ask for the facts with regard to the application or what the application contains, but I hardly think it would be proper to ask Mr. Dunton about what the C.B.C. might do with this application when it comes up in the last week of this month. I do not think we could properly ask Mr. Dunton questions which might sound like probing for his opinion when the applications was still pending before the C.B.C., or an endeavour to ascertain the view which the corporation might take on it before the application had actually been received.

It is proper, however, I think, to ask Mr. Nixon about the application of the policy in these matters but as to the particular point I have been reviewing here I do not think I could ask Mr. Dunton questions bearing on the considerations which the C.B.C. will have before it in determining whether it should or should not recommend the application.

The CHAIRMAN: Do you want to know what reasons came into consideration when they had this application before them?

Mr. FLEMING: I have put my question more broadly than that, Mr. Chairman. I was dealing with the question of the treaty, the permissible strength of the station under the treaty, and how the strength has been reduced, and I think it is clear—Mr. Nixon can correct me if I am wrong—that he has said in effect: "if you put up a weak station there there is going to be less likelihood of overlapping, or that the overlapping, if any, will be less in extent": and he was dealing with a point in his last answer to me about the possibility of the use of a directional antenna or other engineering device which could be resorted to in order to prevent or reduce overlapping if the station were licensed up to the full power limit permitted under the treaty. Have I stated the situation fairly, Mr. Nixon?

The WITNESS: I would like it to be quite clear that a proper engineering analysis would have to be made of the consequences of operating the station at a higher power which, to the best of my knowledge has not been made.

By Mr. Fleming:

Q. Since the single service coverage policy is so well known to all concerned, we could take it for granted that any applicants for a channel now know that if they are going to improve their chances of being licensed in an area where there are existing stations on either side—as at Calgary and Edmonton—their chances of conforming with the policy are greatly increased if they apply for a station with reduced power?—A. No, not necessarily.

Q. That is as far as you can go in this situation—it may be a fact, and it may not. You leave it. Is that your answer?—A. That is correct.

The CHAIRMAN: You mean it has to be considered by the engineers?

The WITNESS: The coverage proposed for a new station must be considered in relation to the new area while it will service and in relation to the coverage of existing stations.

By Mr. Fleming:

Q. I recognized this morning that there are other factors, of course, but I was trying to deal with the effect of this factor in particular, the one we have been discussing here that has to do with this problem of overlapping which presents itself in relation to the single service coverage policy. I would like you to indicate what is the effect of that factor, recognizing that there are other factors as well. It is not the only factor. I will try to bring this to a close as quickly as I can because I know that there are other matters to be taken up this afternoon. Is it a fact recognized by the department that if channels allotted to Canada under the treaty are not occupied there is likely to be pressure from United States sources for the occupation of those channels by United States stations?—A. In our opinion, no.

Q. Do you feel that these channels which have been allotted to Canada under the treaty are beyond all question and for all time safe in Canada's hands to make such use of as is decided here in Canada?—A. I believe them to be.

Q. You do not take account of the fact that if these channels—when I say “you” I mean the department—are not occupied that there may be pressure to take those channels elsewhere where they may be occupied to the full permissible strength?—A. No. I have not seen any evidence of that.

Q. That is the view that is guiding the actions of the department now?—A. Yes.

By Mr. Goode:

Q. You mentioned this morning if I interpret your remarks correctly that population had something to do with the policy of the department in the awarding of private television licences. Is that what you said?—A. I do not believe I said it in just that way.

Q. What did you say with regard to population—do you remember? My interpretation was that you said it was one of the factors which guided the department in its consideration of applications for private television licences.—A. If it is a case which has to be considered in relation to the single service coverage policy, population would be considered.

Q. Going back to the situation in Alberta for a moment—the population covered by the two stations there now and the one station which I expect will get a licence in comparison with some of the larger urban sections of

Canada—and I say with all respect to Alberta members—is not very large is it? How many people would these three stations cover? Have you any idea, or can your officials assist you?—A. We have no figures readily available, Mr. Chairman.

Q. I wonder Mr. Chairman whether I might ask Mr. Holowach who is conversant with the situation, if he can tell the committee how many people would be living in the area covered by these three stations?

Mr. HOLOWACH: I cannot tell you exactly, but everybody knows that Edmonton is the fastest growing town on this continent. As a matter of fact I think the influx is 1,000 people per month into the city of Edmonton. The present population, I believe, is over 200,000. I think the population of Edmonton at the moment is 205,000. I suppose the same considerations as to growth apply to Calgary, but Calgary is not the capital city, and Calgary's growth is a little slower.

The CHAIRMAN: Mr. Goode, I think that Mr. Dunton is ready to give some figures which he has on that question.

Mr. DUNTON: I was not quite ready, but we have the figures here.

Mr. GOODE: I wonder whether Mr. Dunton would give us his estimate of the population.

The CHAIRMAN: Does the committee agree that Mr. Dunton should produce these figures?

Agreed.

Mr. DUNTON: It will take just a minute to look them up.

These figures are based on the 1951 census, and estimate of the population within range of Edmonton station is 254,000. The population within range of the Calgary station is estimated at 218,000.

Mr. GOODE: What is the estimate for Red Deer?

Mr. DUNTON: We have not got that figure. The station is not authorized yet.

By Mr. Goode:

Q. Can you, Mr. Nixon, give me any idea what number of people is expected to be covered by the station at Red Deer?—A. No, Mr. Chairman, we would not be interested in that figure because there was no question about whether or not this station would be authorized under the policy, and so it was not necessary to examine that particular question.

Q. Has the department approved it yet?—A. It has been approved for transmission to the C.B.C.

Q. What attitude does the department take with regard to granting applications in considering whether a station is going to be suitably financed or not. Has the department any cares with regard to what that situation is going to be?

Mr. CATON: Mr. Chairman, in respect to the processing of applications for broadcasting station licences the application comes in and sets forth in detail the financial capabilities of the applicant and other particulars relating to his company. That information goes to the C.B.C. together with the application and in case the application would appear to be extremely doubtful from a financial point of view it might be that the department would bring that to the attention of the C.B.C. in connection with the approval of the application. However, I have never seen a case where that has happened.

Mr. GOODE: Would the department know how many people the station would serve?

Mr. CATON: The department does not go into the question of the population served by the station. We are interested in the technical aspect of the station installation—whether it complies with the agreement—and when the application forms are complete in all details with respect to company organization, finance and so on, they are sent to the C.B.C.

The CHAIRMAN: Mr. Reinke, I think you had a question to ask.

By Mr. Reinke:

Q. Yes. Mr. Nixon, following Mr. Fleming's question, when Mr. Allard was before the committee I asked him if there was any suggestion that the channels not in use at the present time might at some future date be taken over by the United States. Or at least that there might be a request put forward of that nature to the Transport Board in Canada, and Mr. Allard seemed to take the view that this was a possibility at any rate, and he said the so-called "power-freeze"—which relates to broadcasting and is mentioned in the evidence—had something to do with this.

I wonder if you would care to comment on that phase of the problem. We have a difference of opinion here. One witness seemed to think that it was within the realm of possibility that we might lose some of these channels if we do not take them up, but the present witness appears to disagree.

The CHAIRMAN: This is referred to in the brief at page 4—the top of the page.

An Hon. MEMBER: Page 608 of the evidence.

The CHAIRMAN: In the brief it says:

If channels available in these areas for use are not employed by Canada, there is a serious danger that these or adjacent channels will be employed by the United States.

That is from the brief of the Association of Broadcasters.

Mr. REINKE: Further to that, I asked Mr. Allard the question I have just asked and in reply he pointed to the "power-freeze". We should have proceeded to ask him what he meant by "the power-freeze" but possibly this is a good opportunity, and he could elaborate.

The answer given here, at page 608 was:

Yes, Mr. Reinke, it happened to a certain extent in radio broadcasting when the so-called power freeze was in existence in Canada, and something of a comparable situation has now developed in television.

The WITNESS: I am not certain what is meant by the "power freeze".

The CHAIRMAN: I think Mr. Allard is here. Perhaps he could explain to Mr. Reinke what he meant by "power freeze".

Mr. ALLARD: There was a period when the power which could be used by privately owned radio broadcasting stations in Canada was limited. In other words stations were not permitted to apply for, or obtain, the full power assigned to them under the terms of the International Treaty but were given a maximum power of 1,000 watts. My memory does not supply me with the exact dates, but I think this was prior to 1943. Then the power freeze was removed and radio broadcasting stations were free to apply for the full power permitted to them by international treaty on their particular frequency in their particular location.

The CHAIRMAN: Does that satisfy you, Mr. Reinke?

Mr. REINKE: To a certain extent. As far as the explanation of the power freeze is concerned but there seems to be a difference of opinion whether the same thing could happen with regard to television.

The WITNESS: I think Mr. Smith might speak on that.

Mr. SMITH: Mr. Chairman, in connection with so-called power freeze I would like to make a comment on the circumstances which were in existence at that time. The power was limited to 1 kilowatt. They subsequently increased their power to 5 kilowatts but we have been unable to find that they were injured in any way by the delay in implementing the maximum power permissible under the agreement. As far as the television stations are concerned the situation is not at all parallel because we have an agreement with the United States which was worked out in collaboration with the engineers of the Federal Communications Commissions and which potential television locations were assigned in both countries within 250 miles of the border. A certain latitude is possible in assigning a channel—in other words you could shift a channel in general somewhere around from 5 to 15 miles and the channel is still useful, but you cannot shift it from Canada into the United States because there is already a channel used up in the United States which would render this channel useless, so the channel is fixed for all time in the immediate vicinity of the geographical area where the allocation plan and the agreement placed it. We cannot possibly lose channels to the United States. The only thing which could happen is that the channel would lie idle for a couple of years.

Mr. REINKE: Can you not lose a channel within 10 or 15 miles of the border to the United States?

Mr. SMITH: I do not see how.

Mr. GOODE: Pursuing that subject further for a moment, let us take a look at one of the channels available in British Columbia. At the moment channel 3 is not being used. I do not know any United States station near the Canadian border which uses channel 3, or any in the state of Washington, so if a low powered station were constructed in the state of Washington, taking our channel 3, how would your argument stand up? The case I have cited is of course a purely hypothetical one.

Mr. SMITH: In the first place no use may be made of any channel in either Canada or the United States under the terms of the treaty without prior consultation taking place with the other signatory, so we would certainly have a chance to look at that situation, and in the second place the absence of channel 3 in the state of Washington is indicative that it cannot be used in the state of Washington, or it would be assigned.

Mr. GOODE: I was basing what I said on your argument that a channel must be available within 250 miles. I know of no station within 250 miles of the border in the United States which is using channel 3.

Mr. SMITH: Channel 3 would not necessarily be excluded by the presence of another channel 3. It could be excluded by adjacent channels. That might be the case in Washington.

Mr. GOODE: Channels 4 and 5 are used there.

Mr. SMITH: That is why channel 3 cannot be used.

Mr. GOODE: Station CBUT is on channel 2. What would be the position in British Columbia at the moment supposing channel 3 were moved to another location—but if that argument of yours is sound we would be doing something entirely contrary to it.

Mr. SMITH: No sir. As long as the ratios between the wanted and the unwanted signals are maintained in accordance with good engineering practice, channel 3 may be used anywhere around there. The fact that channel 3 is

potentially earmarked for, I believe, the Chilliwack area does not mean it cannot be used at some place up the British Columbia coast, for example.

Mr. GOODE: You mean to say that just because you have allowed channel 3 to be allocated to Chilliwack there is nothing permanent in that for the people of Chiliwack. They may think at the moment that they are entitled to channel 3; nevertheless there is nothing to stop the Transport department or the C.B.C. recommending that this channel be sent out to Prince Rupert?

Mr. SMITH: It could be used at Prince Rupert and Chilliwack.

Mr. GOODE: And it could be used on the north coast?.

Mr. SMITH: Certainly. It could also be used up the British Columbia coast, too.

Mr. GOODE: That helps me a lot. I am glad you said that.

Mr. FLEMING: To take up one point in the answer given by Mr. Smith—it may be that we have not had the complete answer, or that there has been some answering at cross purposes. When you say, Mr. Smith, you think we are quite safe, what you mean I take it is, that as long as the treaty stands with its allocations of channels, Canadian rights are legally protected. In other words, that they are not legally prejudiced by reason of that fact that they are not using the full power.

Mr. SMITH: I do not believe that they will be prejudiced at all.

Mr. FLEMING: Legally, under the Treaty Agreement...

Mr. SMITH: As long as the treaty is in effect we have safeguards with regard to our rights to those channels.

Mr. FLEMING: As long as the treaty remains in its present form.

Mr. SMITH: The form cannot be changed without revising the agreement.

Mr. FLEMING: Let us deal with just one answer at the time, if you do not mind. As long as the treaty stands in its present form, you are saying that Canadian rights to retain the unoccupied channels is not prejudiced.

Mr. SMITH: Agreed.

Mr. FLEMING: Very well, are you excluding the possibility in the instance you have given that if these channels are unoccupied there may be pressure by the United States for an alteration of the treaty?

Mr. SMITH: Mr. Chairman and Mr. Fleming, I fail to see how pressure in the United States could have any bearing on this matter because of the geographical fact that the channels are already assigned and used to their utmost in the United States under this very same treaty. Consequently nothing would be gained by exercising pressure. I presume you mean they will be asking for a revision of the treaty?

Mr. FLEMING: Yes. The upward revision of their allocations under the treaty.

Mr. SMITH: No. Because they already have what they want.

Mr. FLEMING: Perhaps those of us who are in the House of Commons are more sensitive to the possibility of pressures from south of the border for the alteration of treaties than people outside. There is nothing immutable about treaties. They are there until the parties alter them. For the time being under the terms of the treaty, these channels have been definitely assigned to Canada, but I take it you are basing on your case on the treaty, and assuming that it is a treaty which Canada is not going to agree to change.

Mr. SMITH: No, Mr. Fleming, we are not to the very best of my knowledge. Whether the treaty were in existence or not these channels are fixed to the geography within a matter of four or five miles and become perfectly useless if you decide to move them and until we are prepared to give up some

of our land to the United States in order to allow them to make use of the channel in what was formerly part of Canada I do not see how they can go about it.

Mr. FLEMING: You make no allowance for developments in technique which may enlarge the scope of television coverage in the matter of the area covered by the transmission?

Mr. SMITH: Mr. Chairman, I would like to say: that to the best my knowledge the techniques which are being worked out now in the laboratories and which may come to pass in the commercial world in the matter of the next four or five years are only such as may enable the stations to render a better service with possibility of a lower level of interference. But I know of no method, or even the possibility of a method which would allow such encroachments.

Mr. FLEMING: Does your answer—the answer last—mean that we do not need to depend on the treaty for the protection of these channels?

Mr. SMITH: The allocation plan has been set up and both sides agreed to it and have made allocations in accordance with it. We are too far committed for either side to draw back. We have to carry it through.

Mr. FLEMING: Because the channels are allocated and occupied?

Mr. SMITH: No sir. Because they are fixed to certain pieces of geography which do not move around very easily.

Mr. FLEMING: I am not a little interested in this matter, as you can see, Mr. Smith. Will you take up this provision in the treaty and elaborate on it a little—what was the purpose of the provision under article (f) with reference to assignments within 250 miles of the border?

Mr. SMITH: Because Mr. Fleming, the interference—producing capabilities of television stations operating under the conditions which were presumed to be followed in accordance with the agreement was considered to be just short of 250 miles. That is where the 250 miles came from.

Mr. FLEMING: That is all.

Mr. CARTER: Following the questions which Mr. Fleming has put with regard to possible future technological developments, I wonder, Mr. Smith, if you could say something about this recent theory with regard to a gentleman who has found a theory of increasing the range of television transmissions by converting the long waves into short waves and reconvertng them back into long waves in the television receiver?

Mr. SMITH: I am sorry, Mr. Chairman, but I do not know anything about the technical aspects of this at all. My knowledge is limited entirely to what I have seen in the press and I am afraid I cannot make very much sense out of it. There may be a great deal in it, but I am not in a position to say because I just do not know.

Mr. FLEMING: I thought the press report said this was being investigated by the C.B.C.?

Mr. SMITH: To the best of my knowledge it has not come to the attention of the Transport Department.

Mr. CARTER: I think the report also said that the National Research Council was examining it.

Mr. SMITH: I cannot speak for the National Research Council.

Mr. CARTER: If the National Research Council were interested it occurred to me that you might know something about it and that it might interest your department, too.

The CHAIRMAN: Are we through questioning Mr. Nixon and his officials?

Mr. WEAVER: I have just one question to ask, before they leave, Mr. Chairman. It has been reported in the newspapers that the American Army are going to make available television equipment for Churchill, and I was wondering if Mr. Nixon had any information on that?

The WITNESS: None, Mr. Chairman. I have no information on that subject.

The CHAIRMAN: There is no information, Mr. Weaver. Are there any other questions on contours? I think we have strayed far away from contours in the last few minutes. Are you through, Mr. Fleming?

Mr. FLEMING: I was just considering a point in the treaty here, Mr. Chairman. I was about to make the suggestion before we leave that it might be well—it is too extensive a document to go on the record—if we could obtain copies of this treaty for the use of members of the committee. I think it would be useful.

The CHAIRMAN: Where did you get your copy, Mr. Fleming?

Mr. FLEMING: Mine is in a United States Government publication, and I assume that there are copies available.

The CHAIRMAN: Can you supply members of the committee with copies of that agreement, Mr. Nixon?

The WITNESS: Yes.

Mr. FLEMING: That is the agreement of June 23rd, 1952.

The CHAIRMAN: Now we shall give the reporter a break for a few minutes.

I thank Mr. Nixon and his officials very much for interesting answers they have given and the enlightening way they have done it for the benefit of members of the committee.

The CHAIRMAN: Now gentlemen, we will review.

Mr. GOODE: Now that we have Mr. Dunton here again, I might put the following point to him. I take it Mr. Dunton heard Mr. Smith say that it was not possible to shift a channel more than 5 or 10 miles. My records here say that channel 7 was transferred from Montreal to Sherbrooke, and channel 11 from Toronto to Hamilton; also that channel 13 was transferred from Hamilton to Kitchener. Is my information correct?

Mr. A. Davidson Dunton, Chairman, Board of Governors, Canadian Broadcasting Corporation, called:

The WITNESS: I am not an expert in these matters. I think so.

By Mr. Goode:

Q. Then who is right and who is wrong? I think you heard Mr. Smith say that you could not transfer a channel more than 5 or 10 miles? I did not want to embarrass the gentleman by giving him this information which I have here because I was not sure that the information was correct.—A. I think there were changes made which would still conform with the plan.

Q. It is possible?—A. There have been reallocations which have changed the position of the channels a good deal.

By Mr. Reinke:

Q. Before we go into the question of the financial statement I wonder if I might ask Mr. Dunton a question relating to a different line of thought? Has any time been allocated to the communist party in connection with the forthcoming provincial election?—A. Yes.

Q. I wonder whether, for the record, you could explain to the committee the position of the C.B.C. with regard to the communist party and explain why they should be allotted time when they are committed, one might say,

to the destruction of our democratic way of life? I think that for the record it would be as well if the C.B.C. were to give us their side of the picture with regard to this question.—A. I am rather glad that this question has been raised because we have been criticized rather strongly at times in the House of Commons with regard to this matter. The corporation has a duty to carry out the law, and the Broadcasting Act says we must allocate time equitably among all parties and candidates. We are trying to carry out the law.

Q. Well, the communist party is a recognized party in Canada?—A. As we understand it. These people run candidates, put their men on the ballot and so on.

Q. What provisions must a party comply with in order to qualify for a certain period of time on the air?—A. In carrying out the statutory provisions we make working regulations which have to apply indiscriminately to any party and to all parties; we have different rules which have been amended at various times. At the present time, with regard to the provincial election for instance, they have to have a recognized leader and to nominate candidates in at least a quarter of the constituencies. The communist party met those conditions and they qualified for time under the rules. They have been given one period on the radio network and one local period on television.

Q. Do the same provisions apply in the case of a federal election?—A. In the case of federal elections the qualification is a little more stringent. Parties must have representations in the House of Commons and seek the election of candidates and put into the field a minimum number of 66 officially nominated candidates. In addition there is a provision for some network time to be given to parties without representation in parliament providing they meet the other provisions with regard to the nomination of candidates, which, in doubtful cases, can be determined only on nomination day.

Q. Do the provisions apply in respect to television as to sound broadcasting? Are the regulations the same?—A. So far there are no rules formally laid down for television, but as in the case of the general regulations we are applying the same criteria.

Q. If they applied the C.B.C. would give them time?—A. In Ontario and in the last federal election they did not get anything like the same amount of time as the other parties. In this election they are getting one sound period and one local television period.

By Mr. Fleming:

Q. Mr. Dunton, the regulations you speak of were passed by the Board of Governors?—A. That is right.

Q. In the exercise of its statutory authority under the Broadcasting Act?—A. That is right.

Q. You have satisfied yourselves on the occasions you have mentioned that the communist or Labor Progressive party is qualified under the terms of your regulations?—A. They have seemed to and we have been strict in checking up.

Q. You have satisfied yourselves that they qualified under the terms contained in your regulations?—A. Yes.

Q. Is any change in the regulations in contemplation now by the Board of Governors?—A. Not at the moment but the whole subject of political broadcasting has been under some consideration during this last year because of the development of television and we expect it will continue to be under study in consultation with the Parties and the private stations—as in the case of the Ontario elections.

Q. For instance, with regard to the 25 per cent limit you have set on the number of candidates below which a party cannot qualify—do you not think that in the light of your experience of these people, who can always put in “straw candidates” in order to qualify, that the number is too low and should be revised upwards now?—A. In the past we have made several changes in the regulations probably with the kind of thing in mind that you have, Mr. Fleming, and they may easily be revised again. We always have to think of all Parties in making these rules. I would point out, Mr. Chairman, that if you raise the minimum qualification too high there may be other Parties who would not, under those rules, qualify for time. The board does not by any means regard these rules as fixed and immutable. We have changed them before, after consultation, and we may change them again.

The CHAIRMAN: You have been in consultation with the different political Parties?

The WITNESS: Yes.

The CHAIRMAN: Before arriving at a definite allocation?

The WITNESS: Yes, and we discussed with them possible changes in the rules. For instance, the white paper was amended fairly considerably before the last federal election and that was done after several meetings with all the federal political Parties.

By Mr. Fleming:

Q. But the terms of the regulations in this respect are the responsibility of the Board of Governors?—A. Yes.

Q. And the determination that any political party complies with the definitions contained in the regulations is also the responsibility of the Board of Governors?—A. Yes.

Q. As parliamentarians we are accustomed to hear two expressions with regard to such matters. Sometimes we are told that a matter is “under consideration”. Sometimes we are told that a matter is “under active consideration”. Into which of these categories would you classify this subject with respect to its consideration by the Board of Governors?—A. As far as we are concerned it is under suspended consideration.

Q. Suspended?—A. Suspended by reason of the sittings of this committee.

Q. Assuming that these sittings are going to end during the coming month, can we ask you what was the degree of activity of consideration applied to this question up to the time the committee began its sittings?—A. There was quite active work done and consideration given to the question of political broadcasting and political television broadcasting last Fall and early in the winter. I think all Parties are aware that we had discussions, formal and informal on this question, and the Ontario election has provided an occasion for active experiment in the field of political television broadcasting. We expect to be taking this matter up again fairly soon—I do not know if we shall do it during the summer, but at least next Fall.

By Mr. Carter:

Q. Do you keep in touch with the B.B.C. with regard to how they are handling these political broadcasts?—A. Yes, and I think that as a general rule our methods are similar to those which they use, but we provide more time than they do.

By Mr. Holowach:

Q. Are there any restrictions placed on the material used by the candidates in these talks?—A. Not as long as it is within the law.

Mr. WEAVER: I wanted to ask you, Mr. Dunton if you could put those population figures on the record?

Mr. FLEMING: They were put in the record.

The WITNESS: I mentioned two or three figures, but I have a list here.

Mr. WEAVER: That is what I meant—figures with regard to all the stations.

The WITNESS: The list I have here may be useful for the record. It refers to coverage, but it does not take into account any duplication. The figures are based on the estimated population served by each station according to the population given in the 1951 census. I can put that on the record but I must say it is not a very formal compilation—it is something we have done for ourselves, but if the committee would take it on that basis it might be useful.

Mr. WEAVER: I think it would be very valuable.

By Mr. Fleming:

Q. If I may go back to the former subject for one question—Mr. Dunton, it is a fact, is it not, that the communists in Britain were not given any television time in the political broadcasts in the recent general election in Great Britain.—A. I think not.

Q. There was time allotted to the Conservative and Labour Parties on an equal basis and then there was a small period allotted to the Liberal Party? —A. I think that is right. I may say that the Board of Governors would certainly be open to any suggestion that this committee might care to make on such matters.

The CHAIRMAN: We will not forget it.

Mr. GOODE: I have always been of the opinion that the more you let communists speak to the people of Canada the more you can rely on the good sense of the people of Canada guiding our people to have nothing to do with them. If they have got one program coming to them, let them have it so that the public may see the type of men who are mixed up with these people now.

Mr. FLEMING: The point is they never talk communism on these occasions. They appear in sheep's clothing.

Mr. GOODE: Take a man who comes before a television audience or goes before a microphone well clothed and well fed and then talks against his own country—he himself will be the strongest evidence that he is telling a lie.

Mr. FLEMING: If you could assume those premises. But they do not send people who are going to talk against this country. Their talk will be full of patriotism and the people who listen to them do not always know that they are wolves masquerading in sheep's clothing.

Mr. GOODE: I am quite willing to leave it to the people of Canada to judge themselves, and if there is one program coming to these people, let them have it.

Mr. FLEMING: It is one program coming to them under the regulations of the Board of Governors, made under statute, and I hope no one is suggesting that regulations should be made with a view to giving free time to these people who seek to destroy the freedom which they abuse.

The CHAIRMAN: Mr. Dunton said that he would consider any recommendation which this committee might wish to make on the subject.

The WITNESS: If I may comment on that—we have done a lot of looking at these regulations and we would be glad of help; you might change the regulations and cut out one Party, but you might also cut out another Party...

Mr. FLEMING: One can appreciate the difficulty of the Board of Governors. The regulations you have made in the past have been evaded by the placing

of a lot of "straw candidates" in the field in order to meet the standard you have prescribed.

By Mr. Richardson:

Q. As I understand the regulations, the communist party candidates in the present Ontario election qualify for a certain broadcasting period. Have any of those speeches been made as yet?—A. On the network there is just one 15-minute period allotted—I think it is tonight. There is one period on sound broadcasting on the network, and one television period which is only local in Toronto.

Q. And that is the extent of this allocation for this election?—A. Yes. I think, however, that they will have some time on the private stations.

Q. Have you had any reaction to this, other than some editorial comment which I have seen?—A. That is all I have seen so far.

By Mr. Carter:

Q. Could you not base your requirements on elected candidates rather than on nominated candidates?—A. I think some times there is a difference of opinion among the political Parties about that. The question, particularly in the provinces, is a difficult one. There are provinces in this country where well known political Parties have no representation.

By Mr. Goode:

Q. You can do me more harm and sabotage as far as British Columbia is concerned by sending "Chuck Wagon" down here. That was the last one of the season and it does not represent British Columbia television at all.—A. I have heard a lot of good comments on that program.

Q. I will show you what was said by Mr. Blackburn of *The Citizen* then.—A. I quite often disagree with his judgment on programs.

Q. I do, too, but I had to agree with that. I could not do otherwise.

By Mr. Fleming:

Q. Turning now to finance. I have some questions which relate to page 48 of the report—that statement on Income and Expenditures. I would like to deal first of all with some aspects of the matter of income, Mr. Dunton.

You are receiving certain monies now, that five year parliamentary grant of \$6,250,000 a year and also the proceeds of the taxes collected under the Excise Tax Act on radio and television receiving sets and tubes?—A. Yes.

Q. Would you just relate the mechanics of the payment to the corporation from those two sources. Let us take the amount of \$6,250,000 a year—does that come to you in one annual sum?—A. I will ask the treasurer to deal with that.

Mr. BRAMAH: It comes in by prearrangements with the Department of Finance. I think we get \$500,000 a month.

Mr. FLEMING: When does the extra come in?

Mr. BRAMAH: In the last month.

Mr. FLEMING: Of the fiscal year?

Mr. BRAMAH: That is right.

Mr. FLEMING: You apply it all to sound broadcasting?

Mr. BRAMAH: Entirely.

Mr. FLEMING: None of that is allotted to television?

Mr. BRAMAH: No.

Mr. FLEMING: Then in regard to the proceeds of the tax collected under the Excise Tax Act, what are the mechanics of payment and accounting to you by the government?

Mr. BRAMAH: Those funds come up monthly as they are collected.

Mr. FLEMING: How soon after the end of the month?

Mr. BRAMAH: Between the 10th and the 12th.

Mr. FLEMING: And what you receive month by month purports to be the full total collected during the previous month?

Mr. BRAMAH: That is correct.

Mr. FLEMING: And do you attempt in any way to allocate or apportion this as between sound and television in accordance with the source?

Mr. BRAMAH: That is done for us in the manner of remission. That is stated by the department when they remit the payments to us.

Mr. FLEMING: So that you know exactly how much comes from each of the sources?

Mr. BRAMAH: Definitely.

Mr. FLEMING: Are you keeping the amounts earmarked in that same way?

Mr. BRAMAH: Oh yes.

Mr. FLEMING: Do I understand that you are applying to sound broadcasting the full amount of that tax which is collected and remitted to you on the radio receiving sets and tubes?

Mr. BRAMAH: That is correct.

Mr. FLEMING: And similarly you are applying to television all the monies which you receive from the tax imposed and collected on the television sets and tubes?

Mr. BRAMAH: That is correct.

Mr. FLEMING: You are not mingling the two funds in any way?

Mr. BRAMAH: That is so.

Mr. FLEMING: Does that apply from the time when the proceeds of these taxes were first put at the disposal of the C.B.C.?

Mr. BRAMAH: That is right.

Mr. FLEMING: You have made some point in the past, Mr. Dunton, about the importance to the C.B.C. of assurance with regard to future revenues in making its plans for expenditures and development, by way of supporting the five year parliamentary grant as against the idea of an annual grant. It is a fact, is it not, that the proceeds of the tax on the radio and television receiving sets and tubes are quite uncertain?

The WITNESS: We have found it very hard to make good estimates about what it would be.

By Mr. Fleming:

Q. I think it is now agreed that when this revenue provision was introduced in relation to these taxes that the estimate then put on at that time was \$6 million from each tax?—A. Roughly, yes.

Q. That was two years ago?—A. In 1953.

Q. And the tendency since has been for the revenue from the tax on radio receiving sets and tubes to become less.—A. That is right.

Q. And it is running now, I take it, probably around the \$5 million per annum mark, maybe even a little less?—A. Five millions dollars in the year 1953-1954 and less in the year 1954-1955.

Q. Whereas the revenue from the tax on television sets and tubes has greatly increased?—A. Yes, for the time being it has.

Q. It has greatly exceeded the figures used two years ago?—A. Yes.

Q. The amount which you received in the fiscal year ended March 31st, 1954 from that source was \$11,700,000?—A. Yes.

Q. And could you give me the corresponding figure for the year ended March 31st, 1955?—A. Yes, we received \$16,960,000 for television.

Q. Roughly \$17 million in that year? And how do your revenues from that source in the fiscal year which commences the 1st of April, 1955 compare with those in the corresponding period of the fiscal year ended March 31st, 1955?—A. I think it is too early to give any indication at all. I do not think we have even begun yet.

Q. You have not even received your May payment yet?—A. I may say that the monthly payments are of practically no help as a guide to what we shall get during the year. We find it more useful to try to estimate the general overall sale of sets. We do not attach a lot of importance to one month.

Q. No doubt you do watch those figures with regard to the sales of television receiving sets and tubes.—A. With great interest. It is our guess—I would call it a guess rather than an estimate—that the proceeds of that tax will be down this year.

Q. To how much?—A. We estimate about \$15,600,000.

Q. That will be a reduction of about \$1,960,000. We hope you will do better than that—I am reading from a press clipping from the *Globe and Mail* of May 30th; you may care to comment upon these figures which were issued just last week.

Canadian factories produced 46,982 television receivers in April, compared with 29,631 in the same month last year, the Radio-Television Manufacturers Association of Canada reports. April sales rose to 30,721 units from 25,868 in April, 1954.

And then it goes on to say:

In the first four months of this year...

That relates, of course to the calendar year and not to the fiscal year—

...production totalled 262,900 units, up from 152,256 units in the similar 1954 period while sales rose to 197,183 sets from 137,267.

Mr. RICHARDSON: The country is booming.

The WITNESS: We have already had the benefit from the relatively high rate of sale in January, February and March.

By Mr. Goode:

Q. Do you consider that this possible loss of revenue relates to a decline in the sale of sets or to a fall in price of individual sets?—A. This year, more from a drop in the price. Again, this is a pure guess. We guess that the average yield of tax per set will be down a little.

Mr. FLEMING: Perhaps I may now read what this report says about the sale of radio receiving sets and tubes.

Manufacture of radio receivers in April totalled 31,852 units, down from 44,304 in April last year, while sales gained to 35,065 sets from 33,669 in the 1954 month.

Production in the first four months amounted to 119,959 units, against 183,559 in the similar period last year with sales lower at 131,693 units, compared with 142,517.

That is the end of that clipping. I do not hear any comment from Mr. Richardson.

Mr. RICHARDSON: Not booming so much.

By Mr. Fleming:

Q. It is Mr. Richardson who has been booming. Well, Mr. Dunton, I take it that any estimate you have made for this fiscal year which commenced April 1st, 1955, is very tentative, and we should not spend very much time on it here, so early in the year.—A. It has to be tentative.

Q. I have asked before about the matter of the fiscal year. Your fiscal year has always corresponded with the government's fiscal year. I have raised the question whether, like some Crown corporations, though not all of them, the calendar year might not be more useful to you than the fiscal year followed by the government. Has that question been studied recently by the corporation?—A. Not particularly. We have been studying so many other things that we have not gone into that matter particularly.

Q. Are there any considerations bearing on it?—A. The obvious one is the closing of the accounting year of the international service which would have to correspond with the government's financial year.

Mr. BRAMAH: It has been discussed, Mr. Fleming and I did make a note with regard to it. I could look that up and let you have it later.

By Mr. Fleming:

Q. In the meantime, I can go on to something else. Have you prepared a budget for the fiscal year commencing April 1st, 1955?—A. We have projections of expenditure and revenue?

Q. Could we have them?—A. I have a suggestion to make—if you would like to have our still tentative estimates for 1954-1955 in order that the committee might get the picture—I do not think that members had this information—they could be made available.

Q. That is to say, your statement of income and expenditure for the fiscal year ended March 31st, 1955. Is it complete?—A. It is getting fairly close to completion now. Our accounting department has been trying very hard to close it so that it may be presented for the interest of the committee.

Q. It would be interesting to see it. Have you copies?—A. Yes, we have copies if the committee would like them.

The CHAIRMAN: Is it your wish that these documents will be placed on the record at this point?

Agreed.

CANADIAN BROADCASTING CORPORATION
SOUND BROADCASTING AND INTEGRATED SERVICES

*Tentative Statement of Income and Expense for the Year Ended
March 31st, 1955*

<i>Income</i>			
Statutory Grants	\$10,760,000.00	\$	
Commercial Broadcasting	2,116,000.00		
Private Broadcasting Station			
License Fees	285,000.00		
Interest on Investments	105,000.00		
Miscellaneous Income	168,000.00		13,434,000.00
<i>Expense</i>			
Programme Division	8,822,000.00		
Engineering Division	3,103,000.00		
Station Networks	1,660,000.00		
Administration Expenses	1,097,000.00		
Press & Information Division	483,000.00		
Commercial Division	292,000.00		
Interest on Loans	94,000.00		
Integrated Services, Shared—Credit ...	2,321,000.00		13,230,000.00
Excess of Income over Expense before			
Providing for Depreciation			
& Obsolescence			204,000.00
Deduct: Provision for Depreciation			
& Obsolescence			510,000.00
Excess of Expense over Income		\$	306,000.00

CANADIAN BROADCASTING CORPORATION
TELEVISION SERVICE

*Tentative Statement of Income and Expense for the Year Ended
March 31st, 1955*

<i>Income</i>			
Statutory Grants	\$16,960,000.00	\$	
Commercial Broadcasting	4,156,000.00		
Private Broadcasting Station			
License Fees	9,000.00		
Interest on Investments	142,000.00		
Miscellaneous Income	6,000.00		21,273,000.00
<i>Expense</i>			
Programme Division	9,017,000.00		
Engineering Division	3,153,000.00		
Station Networks	672,000.00		
Administration Expenses	37,000.00		
Press & Information Division	114,000.00		
Commercial Division	109,000.00		
Interest on Loans	453,000.00		
Integrated Services, Shared	2,321,000.00		15,876,000.00
Excess of Income over Expense before			
Providing for Depreciation			
& Obsolescence			5,397,000.00
Deduct: Provision for Depreciation			
& Obsolescence			835,000.00
Excess of Income over Expense		\$	4,562,000.00

The WITNESS: If I could just say a word—looking at the sheet relating to sound broadcasting and integrated services, I see the \$6,250,000 is being combined with the yield of the excise tax, so that figure of \$10,760,000 in respect of statutory grants should be broken down into statutory grants of six and a quarter million dollars and \$4,510,000 solely from the excise tax.

By Mr. Richardson:

Q. Am I correct in the opinion that this statement of income and expenditure is tentative and has not yet been produced in the House?—A. No, it is purely tentative.

Q. Is it a public document yet?

Mr. GOODE: It never will be produced in the House.

The WITNESS: It is a preliminary estimate of what our annual statement will be in the annual report this year. The committee has always wanted to have our best estimate as to how we should come out in the course of a year, and that is what this is.

By Mr. Fleming:

Q. I think we fully understand this is not a final statement of the C.B.C., but the practice of the committee has been in times past to ask for the figures to be given as completely as they can be so that as far as possible we may be up to date. Mr. Dunton, I would like to say just a word with regard to the sound broadcasting and integrated service whose revenues for the fiscal year ended March 31st, 1955 as compared with the previous year are down \$1 million in round figures.—A. Yes.

Q. And your expenditures are up \$800,000 in round figures?—A. I would say \$700,000 in round figures.

Q. Yes, I beg your pardon. And after allowing provision of \$510,000 for depreciation and obsolescence you show that you have spent on sound broadcasting approximately \$306,000 more than your income?—A. Yes.

Q. To take up the other statement in relation to television—your income for the fiscal year ended March 31st, 1955 as compared with the previous year is up by \$8,200,000?—A. Yes.

Q. And your expenditures are up by \$8,580,000?—A. Yes, that is correct.

Q. There are two items which show increases—there is an increase in the yield from the taxes on the television sets and tubes from \$11,700,000 to \$17 million in round figures, and then your commercial broadcasting revenues are up from \$1,334,000 to \$4,156,000, is that correct?—A. Yes.

By Mr. Goode:

Q. May I ask one question here—what happened to that six and a half million dollars operating surplus? That was in 1954. Where do you include it in 1955?—A. In our balance sheet under our assets.

Q. It does not show in either of these statements?—A. No.

By Mr. Fleming:

Q. To turn to the expenditure side, your expenditures are up on every item.—A. Very much so.

Q. The Program Division is up \$5 million in round figures?—A. Yes.

Q. And engineering is doubled to \$3,153,000—A. Yes.

Q. And station networks are a little more than doubled at \$672,000, while the commercial division is up from \$31,000 to \$109,000. The interest on loans is up from \$278,000 to \$400,053. Is that the position?—A. Yes.

By Mr. Reinke:

Q. I wonder if you could explain that increase?—A. Because we borrowed a lot more money.

Q. For capital equipment?

Mr. FLEMING: From the government.

The WITNESS: Yes.

By Mr. Reinke:

Q. What is the interest rate?—A. It varies. The government charges about a quarter of a point more than they are paying for long term money. I think you will see the rates on the balance sheet, or on the preceding page.

By Mr. Fleming:

Q. To take this in a little more detail, Mr. Dunton, your income on the television side has been \$21,273,000, and your expenditure has been \$15,876,000, yielding an excess of income over expenditure before providing for depreciation and obsolescence of \$5,397,000. And then you have provided \$835,000 depreciation and obsolescence, making an excess of income over expenditure of \$4,562,000. Mr. Dunton, are you going to carry into the final statement the expression "excess of income over expenditure" instead of the expression "operating surplus" which appeared in the previous years' statement?—A. There has been a lot of discussion about that. I was interested in what Mr. Monteith was saying. He seemed to favour the term "surplus" or "profit". I would not say that "profit" was right, but I rather prefer the phrase "operating surplus" which seems a good phrase.

Q. Mr. Monteith is in the House at the moment engaged in discussion of the budget resolutions right now. May I come back again to my question: are you going to carry this expenditure into your statement?—A. I do not know. That will depend on what the Board of Governors decides.

Q. Like the statement itself, it is a tentative expression.—A. Exactly. I myself think the phrase "operating surplus" is perfectly good.

By Mr. Richardson:

Q. The expression "excess of income over expenditure" is, I take it an accurate one?—A. Yes, both are accurate.

By Mr. Fleming:

Q. I was not quarrelling with the accuracy of the expression. I was struck by the departure from the expression used in the last two statements—a term which I had occasion to discuss in the House once upon a time. How does the fund created by the provision made for depreciation and obsolescence stand now?—A. There is no fund created. Depreciation is not funded. Our assets and liabilities are shown on the balance sheet, and there is no actual specific reserve for depreciation.

Q. It is simply set up in your statement but is not reflected either in the books or in the operations of the corporation?—A. It is reflected in the books perfectly properly, but it is not reflected in a fund consisting of bonds or cash set aside for that purpose. I must say that in practice we have a very real cash expenditure in some way related to that since besides our major capital projects we have ordinary capital—small expenditures for various items which under accounting practice have to be capitalized and appear on the balance sheets as additions to our capital but which we handle and watch and project rather like operating expenses so that in practice over the years about that

amount of money allotted for depreciation has in fact come into what might be called ordinary capital.

Q. I note that you paid the government last year \$547,000 in interest.—
A. Yes.

Q. Are you proposing to continue the policy of not using any of this excess of income over expenditure for the purpose of paying back any of these loans and thereby reducing the substantial payments you are making in the way of interest on loans?—A. As we see it at the moment, looking at television, we shall have to use up practically all our surplus to get by in this current year.

Q. Does that mean you are proposing to use up this sum of \$5,397,000 plus the amount of approximately \$7 million in the fiscal year ended March 31, 1954?—A. Not \$7 millions, \$5 millions—\$5,200,000 for television.

Q. I was lumping the two things together; you are confining the question to television. It is true that you did not have an excess of income over expenditure in the fiscal year ended March 31, 1955 on sound broadcasting.

The CHAIRMAN: I am afraid, Mr. Dunton, that we will have to adjourn. We must take into account that the reporter has been writing all day and must be very tired. If it meets the wishes of the committee we shall adjourn until tomorrow morning at 11 o'clock.

By Mr. Fleming:

Q. Are there any statements which Mr. Dunton has which he can provide for us to look over between now and tomorrow morning—the budget, for instance?—A. I think the papers you have about cover the available information. As I say, we have various projections but we are in a certain amount of uncertainty—I could give you some figures, but they would be very tentative—

Q. We will take them on that basis. Have you anything in a form which could be circulated?—A. No, I have not at the moment.

Q. Could you bring them in for us tomorrow morning so that the information could be circulated?—A. I will try to do that.

EVIDENCE

FRIDAY, June 3, 1955.
11.00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. Shall we proceed with the financial statement of the C.B.C.?

Mr. FLEMING: Last night when we adjourned, I think I had just asked a question when you thought it was time to adjourn. I do not believe we have the same reporter with us at the moment, nor have we the evidence on that point, so I cannot tell you exactly what that last question was now. However I was asking Mr. Dunton about the net operating position at the end of the fiscal year ended March 31, 1955. There was a tentative statement supplied yesterday showing an excess of income over expenses on television of \$4,562,000 and on sound broadcasting excess of expense over income of \$306,000.

We realize that on the books of the corporation the accounts for sound broadcasting and for television respectively are carried quite separately, but with those figures and those for the previous fiscal year ended March 31, 1954, which showed an operating surplus on sound broadcasting of \$1,284,000 in round figures, and on television \$5,283,000 in round figures, we have a situation where the C.B.C. in the last two years—in other words, from April 1st, 1953 to March 31, 1955—has received approximately \$11 million more than it has found necessary to expend on all accounts. Are we at one on that, Mr. Dunton?

Mr. A. Davidson Dunton, Chairman, Board of Governors, Canadian Broadcasting Corporation, called:

The WITNESS: Just about, yes.

By Mr. Fleming:

Q. Now, what has C.B.C. done for the time being with the \$11 million?—A. Any large amounts of free cash are invested in bonds pending the use of the money.

Q. These are government bonds?—A. Yes.

Q. What is your portfolio of government bonds at the moment?—A. You will see it on the balance sheet for that year. It will take a little while to check that, Mr. Fleming.

Q. Perhaps Mr. Bramah could give that information to us later and I will continue with my questioning in the meantime.. In any event the \$11 million is either in cash or Dominion of Canada bonds?—A. Pretty well, although this is a corporation and the assets may be in various forms, and that does not necessarily reflect the true situation because we have previous surpluses and so on.

Mr. MONTEITH: May I interject at this point? The \$11 million figure is used but actually at the end of 1954 there were \$14 million in cash and bonds, and with an additional surplus this year, could there not be more than \$14 million?

The WITNESS: That is what I am saying. I think you will really get a better position if you look at it separately as we do. Look at the television side and the sound side. On the television side, for instance, we had a surplus for the fiscal year 1953-54 of \$5,200,000. The surplus estimated for the fiscal

year 1954-55 of \$4,500,000 and the combined surplus of that—which is all we have—is just over \$9,500,000—\$9,700,000 and that is the accumulated surplus for television.

By Mr. Fleming:

Q. To date?—A. Yes.

Q. What is the surplus position in regard to sound broadcasting?—A. Sound; it all adds up to close to \$5 million.

Q. So we take it there are roughly \$15 million in reserve now?—A. Yes. You would help me if you would keep them separate, because we think of them separately all the time.

Q. All right, \$9,700,000 on television, and \$5 million on sound?—A. Yes—a little under that, about \$4,800,000.

Q. Well, Mr. Dunton, I drew attention yesterday to the tentative statement you submitted which showed that you had paid by way of interest on loans during the fiscal year ended March 31, 1955, \$547,000.—A. That is right.

Q. Was that all paid to the government?—A. Yes.

Q. And while you were paying that, you had a surplus position in the figures you have just now described?—A. Yes.

Q. Have you the right to repay any of these government loans at any time?—A. I think the government will always take money if it is offered to them.

Q. Then I take it it was as a result of a deliberate decision on the part of the board of governors that the loans were not repaid?—A. Yes, because as we explained earlier—

Q. Out of your surplus?—A. —we have found we cannot simply look at one year or even two years on television or sound broadcasting. In television we look at our capital needs and our operating needs ahead. As I said yesterday, we also see the need of using just about all that surplus to get through our current operations in the current fiscal year.

Q. Do I understand that in addition to your anticipated income for the fiscal year which commences April 1, 1955, you expect to expend all that surplus?—A. We will have to, yes.

Q. Both sound and television?—A. Speaking only of television at the moment—if you want to shift quickly—we will have to dig quite deeply in the sound surplus.

Q. We have not got your budget yet which you were going to bring to this meeting, but it means in addition to all your income on television which will be in excess, I take it, of \$20 million, you are going to expend as well your accumulated surplus of \$9,700,000 on television?—A. We will have to meet the services committed for now.

Q. Perhaps this might be a convenient point to ask about the budget if you have it.—A. In answer to the request yesterday, Mr. Chairman, we heard a projection of operating income and expenditure for both television and for sound and common services, if you wish that now.

The CHAIRMAN: Do you have copies for the members?

The WITNESS: Yes.

The CHAIRMAN: Would it be agreeable to the committee to have the copies circulated now?

Some Hon. MEMBERS: Agreed.

By Mr. Fleming:

Q. While they are being circulated, perhaps I could continue with my questioning. Mr. Dunton, there is nothing of course to prevent you from coming to parliament this year for a grant to meet the needs of this year or

several years. The door is open, is it not?—A. I cannot say. The government has to make proposals for expenditures, I think to the House of Commons, but I might say this of necessity something will have to be involved if we are going to carry that down the line to cover capital expenditures.

Q. You mean during this present fiscal year?—A. Yes.

Q. What are your outstanding obligations on loans to the government?—

A. At the moment, \$15 $\frac{3}{4}$ million in respect of television.

Q. And what on sound?—A. \$3 $\frac{1}{4}$ million.

Q. That is \$19 million?—A. Yes.

By Mr. Monteith:

Q. There was an increase during 1955 on TV—a further loan?—A. Yes.

Q. And your investments?—A. Yes, we are having that situation checked, because we spent a lot of money on capital expenditures in that year. Some has either been spent or committed.

By Mr. Fleming:

Q. I take it then, it was a deliberate decision on the part of the board of governors to retain the surplus on account of sound broadcasting of \$5 million, and not to use a portion of it to repay the outstanding loan from the government of \$3 $\frac{1}{4}$ million on that account?—A. Yes, but it would not quite arise in the way you expressed it, Mr. Fleming. The board has been looking at needs ahead of time, and sees the need for this money either in this year to cover an operating deficit which it sees ahead or for capital expenditures in sound which are badly needed.

Q. I understand what you have said, but I asked if it was a deliberate decision on the part of the board to hold that \$5 million in the form of surplus and not to use any portion of it for reduction or repayment of the government loan?—A. Yes. I will put it as a lack of decision to apply the funds to repayment of loans.

Q. It is, as a decision, that of the board of governors?—A. Yes.

Q. And similarly it was the decision of the board of governors not to use any portion of the surplus of \$9,700,000 on account of television to repay any portion of the government loan of \$15 $\frac{3}{4}$ million?—A. Yes, both because of the needs we saw ahead for operating and capital expenditures.

Q. You have given us that reason, but the result was that you had to pay out to the government last year interest aggregating \$547,000?—A. We had to pay that on the outstanding loans. We are of course getting a certain amount of interest on bonds we were holding.

Q. But the interest the bonds earned was not as much as the interest you paid the government?—A. Unfortunately not.

Q. You are actually paying them a higher rate of interest?

By Mr. Goode:

Q. How much difference between them?—A. You will find it in the balance sheet.

Q. I want you to put it on the record, because this whole conversation is going on the record.—A. If you will let me continue, Mr. Goode, it will be a little difficult to average quickly because the loans are different notes of interest, and the short-term investments we have are at different notes of interest.

Q. I think it should be put on the record, the difference in the amounts payable and receivable by the C.B.C. on this account only.—A. At what stage?

Q. At the stage being mentioned by Mr. Fleming.—A. You mean at the end of the last fiscal year?

Mr. MONTEITH: The total interest received was \$247,000, was it not?

Hon. Mr. McCANN: Is it not a fact that when these loans were made—

The WITNESS: In 1953-54 the difference would be about \$300,000.

By Mr. Fleming:

Q. That is your net?—A. The difference between the interest we had to pay on the loans and the interest we received on investments which we had.

Q. The net cost to C.B.C. on account of interest was \$300,000?—A. Yes.

Mr. MONTEITH: The same difference in 1954-55 approximately?

The WITNESS: I am sorry, that was the 1954-1955 figure.

Hon. Mr. McCANN: I was going to ask if it is not a fact that when the loans were made in previous years they were at higher rates of interest than they are currently, and this makes up the difference between the earning power of present bonds and the interest that has to be paid, and that is in part the reason for the deficit. The government in loaning to its corporations tries to make loans at what are the current rates of bonds at the time the loans are made. Now everyone knows a few years ago that the interest rate on bonds was considerably higher than it is at the present time. Therefore the bonds held now do not have the earning power that they had when the loans were made.

Mr. FLEMING: Maybe that is a reason for undertaking a refunding of a portion of these substantial loans.

Hon. Mr. McCANN: That might be good business, to have them refunded at current rates.

The WITNESS: The difficulty is, Mr. Fleming, that the government, as Dr. McCann says, loans us the money and charges long-term interest rates. We can only hold the funds in short-term obligations since we have used most of the money and of course we get a lower rate of interest, but as you see from the information I gave you, we have to use the money soon.

By Mr. Fleming:

Q. I will conclude this line of questioning by asking in view of the fact that parliament is sitting every year and it is quite happy at any time to review the needs of the C.B.C. and would it not have been good business and given you a better operating result if you had used those substantial surpluses of \$5 million on account of sound, and \$9,700,000 on account of TV to reduce your loans the government had made you, and then go back and get what you need from parliament?—A. But, Mr. Fleming, we have no assurance at all that parliament will provide money in any form apart from what is in the law now. The law makes provision for sources of revenue to us, and as a corporation we have always felt that we must try to operate within the sources of revenue we can foresee.

Q. I suggest to you, Mr. Dunton, that parliament has to be trusted in these matters, and there is no reason why C.B.C. would choose to look on that money which was received previously by way of loans as sort of "a bird in the hand worth two in the bush", and choose that course rather than a course that involves coming back to parliament more frequently for whatever may be required in the way of finances for the C.B.C.—A. Mr. Fleming, as a corporation, we can only operate within the provisions laid down for us and what is in the law. Mr. Monteith said earlier that a corporation tries to look at what revenues it can foresee and expenditures and sources of funds. We operate in that way, and we try to plan ahead and make the best use of the needs we can foresee. As a corporation we cannot propose anything to parliament. We

have no way of knowing what they will do, but we know what it has done and what it has put in the law.

Q. You talk about what is in the law. We are talking now about loans that parliament has authorized when, I presume, the C.B.C. has asked for them, and the government has chosen to put that request before parliament in the form of an item in the estimates. Is that not a satisfactory way of financing—satisfactory to the C.B.C.—for a corporation that is responsible to parliament, and is the creature of parliament?—A. As business-minded people we think loans are a poor way of covering any operating deficits or deficiencies, and this year we are facing a very large-sized operating deficiency. We have asked the government for loans for capital expenditures and we never felt we should commit ourselves to any capital expenditures until the money was available which has been either in the form of loans or what we take out of our surpluses.

Q. That is not meeting in full what I am saying. As you have need, surely you can trust parliament to review your needs and meet them. Parliament is satisfied—A. In what way—

Q. You say that you are business-minded—you and your colleagues on the board of governors you are speaking of now, I take it?—A. Yes.

Q. We here are parliamentary-minded people, I trust, and we are thinking in terms of control of public money. We are here as elected representatives of the people to insure control and it seems to me that if the policy of the C.B.C. is to be based on getting loans in advance of need and retaining them as surpluses for a period of several years, that that policy should yield to one in which parliament is kept more closely in touch with the needs of the C.B.C. and can plan to meet its needs, so that parliament may be consulted in these matters and may make the provision required from time to time, not that the corporation should be having a surplus in that way and be that much further removed from parliament.—A. I think we have been trying for some time through this committee to give parliament very full information on our position.

Q. I am not suggesting you have not given full information to parliament in this committee. The relations between you and your officials on the one hand and this committee on the other have, I am sure, always been very happy and have been marked by frankness.—A. I was not suggesting they had not been.

Q. No, but dealing with this matter of a corporation created by parliament and enjoying for its subsistence revenues put at its disposal by parliament, and having also moneys loaned to it by parliament and having substantial surpluses not required in the past several years, I am suggesting that there is no reason why you should not improve your financial operating position by using those surpluses to liquidate, as far as they go,—and not entirely of course,—your loans and indebtedness to the government knowing that the door of parliament is always open and parliament will always review the needs of the C.B.C. There is no hostility in parliament towards the C.B.C. or its work?—A. We have great faith in parliament, but I think we must look at the law. I would ask you to look at sound broadcasting. Following the report of the Massey Commission, we were given statutory grants of \$6½ million a year for five years. In addition, we have the old license fee, and then the excise tax. As far as we know we have no reason to believe anything else. The corporation had to get through the five-year period with those revenues—the statutory grant laid down for five years, the yield of the excise tax in the last few years, and our commercial revenues; and as we understood any capital developments should come out of there for sound broadcasting. That is what the board faced and has tried to operate under; to keep some reserve

for a deficit at the end of the five-year period which we are facing this year, and to have funds available for our capital expenditures which are rather badly needed.

On the television side there is a slightly different situation where there has been a very sharp rise in revenue in the last two fiscal years. Again, all we can know from parliament is that we have provision,—we get the yield from the excise tax; and presumably parliament is perfectly willing to consider proposals for loans. In view of that it seems to me that the board of governors has been perfectly right in its course of action knowing there was to be a possible deficiency coming up, and big capital commitments to make, in keeping the funds on hand so we could go ahead planning in the most orderly way possible.

Mr. MONTEITH: I would like to suggest, Mr. Dunton, that it was totally unnecessary to borrow the \$4½ million in the year 1954 and the additional \$3 million in 1955 with those investments on hand when you are only putting the money into investments.

The WITNESS: But they are not going into investments. They are spent very fast for capital expenditures and a large part of these investments simply represent the holding of funds until they are actually paid out on capital commitments already under way. On the capital side we have had loans of \$15,750 million and over \$3 million of that had to be used for preliminary operations before April 1, 1953. Then the remainder was all used and committed for capital expenditures. In addition the corporation has committed or actually spent another \$2¼ million above the amount of the loans including the last loan on capital expenditure.

Mr. MONTEITH: That may be. You may have spent those specific amounts, but did you not have an operating surplus in cash which increased your investment as at the end of the year?

The WITNESS: Yes, and as I say we committed \$2¼ million out of our surplus funds for television in addition to the loans.

Mr. MONTEITH: What was your capital expenditure increased in fixed assets for 1954-55?

The WITNESS: We will try to get that.

Mr. RICHARDSON: Referring to the questions asked by Mr. Fleming, I wonder if Mr. Dunton got the impression from what was said and from what seems to be the great faith Mr. Fleming has in parliament, that if the C.B.C. approached parliament this year or next year for a substantial loan that parliament would unanimously grant that loan?

Mr. FLEMING: I think Mr. Dunton got the impression that parliament would consider it on its merits as they would any such request.

Mr. RICHARDSON: I asked Mr. Dunton.

The WITNESS: I got the impression Mr. Fleming would be very favourable anyway. I do not know if that is fair.

Mr. FLEMING: I think you got the impression, so far as I am concerned, that any such request would be examined on its merits as I hope they always will be.

The WITNESS: So do I.

Mr. WEAVER: On two occasions Mr. Fleming mentioned the words "several years" in connection with surpluses and I wondered what the definition is of "several years"?

Mr. FLEMING: I think we can take the last three for example.

The WITNESS: In television there were surpluses only for two years, because we have had revenues only for two years.

Mr. FLEMING: Take sound then.

Mr. WEAVER: The word "several" to my mind always means a number of years and if it were a fact according to what Mr. Fleming has said it might have some bearing, but to my mind it is only two years, and that has been wiped out or you expect it to be wiped out in one year.

The WITNESS: In television, that is right.

By Mr. Fleming:

Q. Do you mind clearing up the point about surpluses in sound and the overall position? How many years in succession have you had a surplus in sound?—A. Four, I think. In the immediate past year, 1954-55 there is not a surplus but a small deficit. I think it was three years before that, since we had the new system of finance with the statutory grant.

The CHAIRMAN: I am informed that the dictionary definition of "several" is "more than two but not many".

Mr. FLEMING: Three years' surplus on sound, and two on television; the previous year on television being part of a year. I think that is a pretty good "several".

By Mr. Weaver:

Q. Looking at this figure of \$16,900,000 which is the figure on programming which really jumped, I do not mind admitting that I am concerned and worried about the size of that figure. I recognize it is a necessary figure, but I am thinking of the raising of the money to meet that figure and the thought that Mr. Fleming has suggested that the C.B.C. should just come back to parliament each year and get figures of that size out of the treasury is something I do not like. I would like to see these expenditures related in some way to those who are receiving the services, which would not be the case with them coming to parliament and asking parliament to make up a deficit, year after year.

Mr. MONTEITH: What is going to happen in the future?

Mr. FLEMING: The Canadian National Railways comes to parliament every year for a grant to meet their deficit, and their capital needs. If it is good enough for the Canadian National Railways, it should be good enough for the Canadian Broadcasting Corporation.

Mr. WEAVER: This problem before this committee is something which should be carefully considered and discussed by this committee. I think that it is the crux of the whole meeting of the broadcasting committee this year, and they centre around that figure.

Mr. FLEMING: I would like to ask a few questions on the so-called projection of income and expenditures for the fiscal year 1955-56. Could we have these two statements placed on the records at this point, which have been discussed?

The CHAIRMAN: Does the committee agree to that?

Agreed.

CANADIAN BROADCASTING CORPORATION
SOUND BROADCASTING SERVICE

Projection of Income and Expense
Fiscal Year 1955-56

<i>Income</i>	<i>For the Year Ending March 31, 1956</i>
Grants from the Dominion of Canada as Authorized under the Act by	
Section 14 (4)	\$ 3,950,000
Section 14 (3)	6,250,000
Commercial Broadcasting	1,800,000
Licence Fees	285,000
Interest on Investments	25,000
Miscellaneous	225,000
	<hr/> \$12,535,000
 <i>Expense</i>	
Programs	\$ 9,840,000
Engineering	3,940,000
Station Networks (Wire Lines)	1,725,000
Administration	1,350,000
Press & Information	570,000
Commercial	380,000
Audience Research	100,000
Interest on Loans	95,000
	<hr/> \$18,000,000
Integrated Services	3,900,000
	<hr/> \$14,100,000
 Operating Deficit before providing for Depreciation & Obsolescence	 1,565,000
Add: Allowance for Depreciation and Obsolescence	
Buildings	180,000
Equipment	370,000
	<hr/> 550,000
 Operating Deficit	 \$ 2,115,000
	<hr/> <hr/> <hr/>

CANADIAN BROADCASTING CORPORATION
TELEVISION SERVICE

Projection of Income and Expense
Fiscal Year 1955-56

<i>Income</i>	<i>For the Year Ending March 31, 1956</i>	
Grants from the Dominion of Canada as Authorized under the Act by		
Section 14 (4)	\$15,600,000	
Section 14 (3)		
Commercial Broadcasting	4,600,000	
Licence Fees	25,000	
Interest on Investments	75,000	
Miscellaneous	10,000	
	<hr/>	\$20,310,000
 <i>Expense</i>		
Programs	\$16,900,000	
Engineering	5,900,000	
Station Networks (Wire Lines)	800,000	
Administration	<hr/>	
Press & Information	25,000	
Commercial	<hr/>	
Audience Research	25,000	
Interest on Loans	550,000	
	<hr/>	
	\$24,200,000	
Integrated Services	3,900,000	
	<hr/>	\$28,100,000
 Operating Deficit before providing for Depreciation and Obsolescence		7,790,000
Deduct: Allowance for Depreciation and Obsolescence		
Buildings		
Equipment		900,000
		<hr/>
Operating Deficit		\$ 8,690,000
		<hr/> <hr/>

By Mr. Fleming:

Q. Mr. Dunton, just to summarize it briefly, according to this projection for the present fiscal year, on sound broadcasting your anticipated income is \$12,535,000 as compared with \$13,434,000 in the year 1954-55, and \$14,360,000 in the fiscal year 1953-54.—A. Yes.

Q. And your anticipated expenditure on sound broadcasting is to be \$14,100,000, plus \$1,565,000 on account of depreciation and obsolescence.—A. No. The depreciation figure is \$550,000.

Q. I am sorry. I took the wrong figure, I should have said plus and provision of \$550,000, for depreciation and obsolescence against the corresponding figures for the fiscal year 1954-55 of \$13,230,000 and \$510,000. And the figures for the fiscal year 1953-54 are \$12,535,000 and \$544,000.—A. Yes.

Q. Therefore on sound broadcasting your revenue, you expect, will go down another \$900,000 this year, and your expenditures will rise another \$900,000 approximately?—A. Nearer \$800,000.

Q. So your operating deficit on sound, as you anticipated, will be \$2,115,000 as against an excess of expenditures over income, or an operating deficit in the fiscal year 1954-55 of \$306,000, and an operating surplus in the fiscal year 1953-54 of \$1,284,000.—A. Yes.

Q. Then, under television, just so that we may have a similar summary on the record, your anticipated income for the fiscal year ending March 31, 1956, is \$20,310,000 as against \$21,273,000 for the fiscal year of 1954-55; and \$13,070,000 for the fiscal year 1953-54.—A. Yes.

Q. And the anticipated expenditure this year is \$28,100,000 plus \$900,000 as provision for depreciation and obsolescence, as against figures for the fiscal year 1954-55 of \$15,876,000 and \$835,000; and these figures for the fiscal year 1953-54 of \$7,634,000 and \$422,000.—A. Yes.

Q. Now, taking the aggregate, does this projection indicate that the C.B.C. has now moved into a position where its total expenditures in the present fiscal year as anticipated will be \$43,650,000, and that will include television and sound, and the provision for depreciation and obsolescence?—A. Yes.

Q. \$43,650,000 indicates the size of the business that the C.B.C. is doing on the expenditure side. Does it follow from your projection of anticipated income that your income is going to fall short of your expenditures by approximately \$11 million?—A. A bit less than \$11 million, yes?

Q. But very close to \$11 million?—A. Yes.

Q. And you are going to draw \$11 million out of your two present surpluses of \$5 million for sound, and \$9,700,000 for television?—A. Yes.

By Mr. Monteith:

Q. Following that up, and again mentioning the figure of \$43,650,000 as total expenditures, during this 1955-56 projection, there is \$2,335,000 which is the sum of the last four items of net income which does not come from the taxpayers. \$2,335,000, that is under sound; and under television the amount which does not come from the taxpayers is \$4,710,000.—A. I think that is right.

Q. For those two amounts of total revenue in the C.B.C. which does not eventually come from the taxpayers, it is close to \$7,045,000.—A. It should be added that it is only those taxpayers who are buying radio and television sets.

Q. Outside of these grants, and so on?—A. I am sorry, except for the \$6½ million.

Q. But the total amount, that is, of \$7,045,000 deducted from \$43,650,000 leaves a net figure of \$36,605,000 which has to come from the taxpayers either in the form of excise taxes on sets, or by way of grants.—A. Yes.

Q. It is going to come out of the Canadian taxpayers, or it is projected to come out of the Canadian taxpayers in 1955-56.—A. In the way you mentioned, yes.

Q. Is it thought that it could go on increasing in this way? It has gradually been increasing; it is up to \$36,605,000 this year. What might happen in 1957-58?—A. We have not done our thinking in that way. We have thought of some years ahead and we see inevitably that television expenditures must go up in the following two years in order to fulfill the commitments for services already made, to provide service through private stations as well as through C.B.C. stations.

Q. In another year or two it should run up to \$50 million as a cost to the Canadian taxpayer?

By Mr. Knight:

Q. Since the Canadian taxpayer has been mentioned, is it not true that ultimately every radio service, be it private or commercial, ultimately the cost will come out of the taxpayer?—A. The money for the service must come from Canadian in some form or another.

Q. If they do not pay for it in taxes, they will have to pay for it in the extra price of soap.

By Mr. Monteith:

Q. The thought I suggested was that, whereas in 1955-56 the C.B.C. is going to cost the Canadian taxpayers in some form or another \$36,605,000, would it not be reasonable to assume that your suggested furthering of the service and so on, in another year that it would be up to \$40 million, or may be in a further year \$50 million?—A. It will not be in our hands to say how it is to be. All I can say is what parliament has done so far.

Q. You can say that according to the plans laid out for the C.B.C. it is not an unreasonable figure to expect?—A. I would say again that to fill out the television system as contemplated now, with a regular service committed to the private as well as to our own stations, the television side would have to rise again in the following two years. We are not planning, as far as we are concerned, for much additional expenditure on sound broadcasting. On the other hand, there are demands from different parts of the country which still have not got sound broadcasting service.

Q. These are combined services that we are talking about.

By Mr. Richardson:

Q. Could I ask a couple of questions on the figures? The evidence has brought out that there is something—of course there is a deficit on both sides of a little less than \$11 million. But when you look at the expenditure side you find that on the projection of sound there is approximately \$4 million for engineering, and under television there is approximately \$6 million for engineering, or a total of approximately \$10 million. Surely there must be out of all that engineering expenditure some residual assets left to the C.B.C. and indirectly to the taxpayers? What is done in respect to that item on the capital side?—A. This is only for technical operation. This does not represent engineering on any capital project. Another label for this might be "technical operations of the C.B.C." These are all operating costs, not costs of planning engineering projects which are all included in the cost of the capital projects.

By Mr. Reinke:

Q. Under programming of sound broadcasting, in 1954 you have an expenditure of \$7,575,000; and in 1955 it climbs to \$8,822,000; and the projection shows \$9,840,000. With the advent of television, why would sound broadcasting be climbing at this particular time?—A. The major item in it is increased cost notes representing chiefly wage and salary rates coming from collective bargaining, and from the normal increase in salaries within the classifications corresponding to the statutory increase in civil service salaries.

Q. I notice in your radio programming statistics that we are presenting 83.1 per cent in the non-commercial service; does the C.B.C. board of governors examine this policy all the time? Are we getting to the point where we are may be going overboard in providing free non-commercial services?—A. The management of the C.B.C. are thinking very hard about ways of getting more commercial business on sound.

Q. Have you considered cutting down on your various sustaining programs?—A. Naturally, if you get sponsors and advertisers, automatically the percentage of sustaining programs drops.

Q. The figure is 83.1 per cent for non-commercial?—A. Yes.

Q. And it is paid for entirely through the revenues of the C.B.C.?—A. No. Quite a lot of them, or some of them would be exchange programs which would not represent out-of-pocket expenditures.

Q. Is not that figure getting a little bit too high, and the same thing in television; our expenditures are climbing; under television the sustaining programs take up 77.9, which is very close to 80 per cent.—A. It would not be that percentage now. The percentage of commercial programs would be a good deal higher now.

Q. Your programming, in so far as the board of governors is concerned, is to have as much good commercial programming as possible?—A. We would not use the word, "possible". We see the need for very large commercial revenues to support any programming in television.

Q. You are examining these needs as against the provisions or recommendations of the Massey report, I suppose?—A. Under television, as you know, we take a lot of business, and we have to have that revenue and support. In sound, it is not so much a question of whether or not the percentage of commercial programs should be higher. It is a question of getting business, I mean network business. That is the kind of sound broadcasting business which has been hurt most right across the continent. Therefore we suffered particularly. Private stations are still doing fairly well in the daytime and in local business which we practically do not have. Therefore we are studying ways and means of trying some new approach in sound broadcasting to help our revenues and indirectly to help the network revenues of our affiliated private stations.

Q. Do you feel with the competition with television that is going to sound today, that your programming division will think that the cost will be rising, or will it remain constant, or do you look for a reduction?—A. As it stands now, we are not planning an expansion of sound programming. We will probably tend to be put on the brakes, and any increase in cost in a general way will come from the increased cost rates to us, such as salary increases which have to come; and in fact, in 1955-56, this program figure will probably mean some braking on programming on the sound broadcasting side. To get anything close to that figure in another year would certainly represent a cut in activities.

Q. What is the percentage of increase in commercial revenue on television this year as compared to last year?—A. It is well up. In 1954-55 it was \$1,834,000; and in the year just finished it was \$4,156,000. So it is three times as much.

Q. Three times as much as it was in the 1953-54 year.

By Mr. Goode:

Q. Is it not true that there are fewer sponsors available now for sound broadcasting than there were a year ago?—A. There certainly are, for network broadcasting.

Q. Has there not been some difficulty encountered by the C.B.C. in getting private stations to accept sustaining programs from the C.B.C. now?—A. Some?

Q. Programs that have been requisitioned to them, if that is an appropriate word, where in the past they have had sponsored programs at that same time?—A. Yes. Our affiliates are naturally concerned with the number of commercial network programs which are dropped because their network revenues will drop.

Q. Your officials have encountered difficulty in trying to get private network stations to accept these non-paying programs, now, when sponsored programs were in their place some little time ago?—A. There are some things in which they are cooperating in very well. They understand the situation too.

Q. There is a difficulty there, and you are now giving the private stations connected with the non-network, the non-sponsored programs, whereas they were sponsored programs a year ago, which results in a loss of revenue to the private stations?—A. Yes.

By Mr. Monteith:

Q. Taking the figures for 1955 on television, this is as of March 31, 1955, the figure which we have before us; on sound broadcasting the total expenditure is \$12,230,000 plus \$510,000.—A. Is it not \$13,230,000?

Q. \$13,230,000 plus \$510,000 making a total of \$13,740,000. Taking the same figures for television we have \$15,876,000 plus \$835,000, making a total of \$16,711,000. That makes a total expenditure of \$30,451,000. Is that correct?—A. Yes, I agree.

Q. In your income figure of \$13,434,000 there is \$10,760,000 coming in the form of statutory grants which, in the long run, come from the taxpayers, which leaves a net total income of \$2,674,000. Is that correct?—A. Yes sir.

Q. And in television, your total income is \$21,273,000 of which \$16,960,000 comes from the taxpayers; and that leaves a total from outside sources of \$4,313,000; and in turn, this gross amount of income coming from outside sources totals \$6,987,000; and if we deduct that from the \$30,451,000 expenditure figure, we come to a net figure of \$23,464,000 which in the long run it is going to cost the taxpayers of Canada to operate the C.B.C. for the year ending March 31, 1955. Is that right?—A. I think so, but you have been going rather fast.

Q. Mr. Bramah would probably know. With reference to my contention, the figure of \$36,605,000 is the net cost to the Canadian taxpayers, in your projection for 1955-56, which shows an increase of cost to the Canadian taxpayers of \$13,141,000 for the year 1956 over 1955.—A. Where do you get that figure? I am lost again.

Q. This figure of \$36,605,000 is the net cost to the Canadian taxpayers in the year ending March 31, 1956, is that right?

I went over those figures before, and I think they were agreed upon at that time. The net cost to the Canadian taxpayers for operating the C.B.C. in the year 1955-56.—A. You got that by including the deficit.

Q. I got it by taking the total expenditures of both departments and deducting the outside income.—A. Yes, in other words, you are including the deficit too?

Q. I am including your actual—yes, I am including your deficit too. I am saying that your actual expenditures less your income in the year 1955-56 shows a deficit amount there of \$36,605,000 which has to come out of the pockets of the Canadian taxpayers.—A. I myself would not put it that way. You get on the sound side \$10,200,000 coming from public channels; and on the television side we estimate \$15,600,000, or a total of \$25,800,000, with the rest coming from previous surpluses, or much of it.

Q. Still, the cost to the Canadian taxpayer is the difference between expenditures and income and it is \$36,605,000 which has got to come out of the taxpayers at some place. It may come from previous surpluses. I do not deny that.

Mr. REINKE: That is not all this year.

By Mr. Monteith:

Q. I am not saying that it is all this year, but it does have to come out of the Canadian taxpayers; and that operation of the C.B.C. actually will cost the Canadian taxpayers for this year—while the money did not all come from

this year—it will cost them \$36,605,000 in this 1955-56 year.—A. What was your figure for 1954-55?

Q. \$23,464,000.—A. I cannot justify it, because in 1954-55 you see coming into the corporation through public channels about \$27,700,000.

Q. You are showing your statutory grants there as \$27,720,000?—A. Yes.

Q. I claim that the operation of the C.B.C. in 1954-55 only cost them \$23,464,000.—A. I realize that your figure is lower. As I said, we generally look it at from what comes into the corporation.

Q. I will simply go ahead on this basis and point out that following my method it comes from the Canadian taxpayer, because if you made a profit in that year, it would not cost them your figure.—A. I thank you for the word "profit".

Q. Excess income over expenditures; your figure is \$27,720,000. I claim that any excess of income over expenditures should be taken off, and in that case it would only cost the Canadian taxpayer \$23,464,000 in that year. But in your projection for 1955-56 where you are going to show an excess of expenditures over income, your figure should be increased to \$36,605,000, because that is the figure which it is going to cost the Canadian taxpayers. I say there is an increase between the two years of an amount of \$13,141,000 which is an increase and comes from the Canadian taxpayer in the year 1955-56 over 1954-55.—A. I say that is your way of looking at it.

Q. Due to your projected plans and so on, is it not reasonable to assume that that figure which grew from \$23,464,000 in 1954-55 to \$36 million odd in 1955-56 would be reasonably increased to \$40 million odd in 1956-57 and possibly \$50 million in 1957-58?—A. Not that high. In the first place, we cannot go beyond what parliament has authorized for us; however, I have said to meet the services already committed for, the cost of operations would rise. If it were authorized by parliament to rise it would have, as you say, to rise above \$40 million by 1957-58.

Q. You say it would rise above \$40 million in 1957-58?—A. Yes.

Hon. Mr. McCANN: Is it not enough to meet your intention without going into figures to say that there will be a substantial increase?

Mr. MONTEITH: Yes. Mr. Dunton just said that he expected over \$40 million.

Hon. Mr. McCANN: So far as the government knows that will be the case—there will be a substantial increase in the years to come.

Mr. MONTEITH: Mr. Dunton just admitted that that is right.

Mr. FLEMING: For the next year.

Mr. MONTEITH: I do not think anyone can predict exact figures at this time.

By Mr. Fleming:

Q. You have given a statement now that the estimated net cost to the taxpayer for the following year—that would be the year 1956-57—would exceed \$40 million?—A. I did not put it that way to you.

Q. Is that not what it means? You have to find money and it will be provided by parliament.—A. I am saying to meet the commitments on television in the next year, 1956-57, more funds will be required—considerably more than this year.

Q. But you did use the figure \$40 million as applied to the year 1956-57.—A. I was referring to Mr. Monteith's figure covering both services.

Q. Yes, we are talking about both services. That is a figure which has to be provided, I take it, by parliament, because your surplus will be exhausted at that end of the present fiscal year.—A. I cannot go into how it

will be provided—that is someone else's worry—but it is clear that our surpluses will be pretty well exhausted by the end of this year.

Q. And you are not going to have the money to carry on the operations you contemplate unless you get it from parliament?—A. Unless there is some provision made for it.

Q. By parliament?—A. Yes, provision made by parliament.

Mr. REINKE: Is it necessarily true of your capital expenditures?

The CHAIRMAN: Mr. Reinke has the floor. Mr. Dunton has answered your question, Mr. Fleming.

Mr. FLEMING: May I complete my question?

The CHAIRMAN: All right.

By Mr. Fleming:

Q. Mr. Dunton has now given the figure of over \$40 million which if the presently planned operations are carried forward will have to be provided by parliament for the years 1956-57.—A. I will use the words "For which there must be some provision",—that is just a difference in expressing it.

Q. Is there any other place it can be provided except by parliament?—A. No, except that the difference is that usually in the past parliament has not voted specific sums of money, funds for operating expenditures, but has set up some provision by which revenues come to us.

Q. In some form or other parliament has provided money for your operations as proposed by your plans?—A. Yes, some form of provision has been made. It is very hard to guess, but television revenues would have to rise a certain amount further to meet the commitments like the extension of services through private stations and the full years' operations of various facilities that will be coming into operation. As I say, in our thinking at the moment we do not see much expansion of services in sound broadcasting except for meeting the invariably rising expense.

Q. In the period 1957-58, do I take it as you project figures now in your operation that parliament is going to have to provide more money to sustain those operations than in the year 1956-57?

Mr. GOODE: Before Mr. Dunton answers that, I think the whole question is perhaps based on the wrong point of view. I do not think Mr. Dunton has the right to answer questions about what is going to happen in 1957-58. Mr. Fleming and I are fully responsible for the \$40 million. Mr. Fleming can say what he likes about the C.B.C. projecting expenses, but the whole setup of the C.B.C. is controlled by the parliament of Canada of which Mr. Fleming, Mr. Monteith and I are a part. The responsibility lies entirely with us as to whether C.B.C. projects expenditures in 1957-58 or 1955-56, so far as that goes. I think if it is going to be argued it should not be argued with Mr. Dunton at all. I think it should be argued on the floor of the House in regard to policy, and that policy is not in the hands of the C.B.C. at all, but is in the hands of the parliament of Canada, and it should be argued there.

Mr. FLEMING: That is not the point at all. Of course parliament will have to decide and the C.B.C. will have to go to parliament to ask for the provision and parliament will have to decide if it is to be made, but this committee will want to know, according to the best thinking the C.B.C. has given to this, what it will cost if the scale of operations that is planned is carried forward, that is, under the existing policies. We want to know what those existing policies are going to mean in terms of cost.

Hon. Mr. McCANN: May I interject at this point if the present method of financing is continued—it may well be that a certain development will be undertaken and I refer to particularly to what they call tele-meters that the public who are using television receiving sets may have to contribute some

of that, especially if they want extra types of programs—that is a new system that is being projected not in the government but privately.

Mr. FLEMING: We are not discussing that at the moment, although I would like to come back to that later. Mr. Dunton and I fully understand each other. We are dealing with the provision that parliament will be called upon to make if the present plans are carried forward. Now, Mr. Dunton, my question was this: if the plans that you have are carried forward, are they going to require the provision by parliament of more money in the year 1957-58 than in the year 1956-57 according to your best thinking?

Mr. GOODE: Before Mr. Dunton answers, I must make a comment, even if it has to be done on a question of privilege. I submit that Mr. Dunton cannot answer that question, with private television—I hope—coming into being in to get a change in policy so far as the government of Canada is concerned and I rather think Mr. Fleming is trying to do the same thing. Under the present circumstances with the likelihood of a change in policy, how can Mr. Dunton answer that question, with private television—I hope—coming into being in other parts of Canada? How can it possibly be assumed the expenditure the C.B.C. will have to take into consideration in 1957-58? Mr. Chairman, I do not think the question is fair. I have certainly been as stern as I possibly could be with Mr. Dunton on the question of policy, but I have always tried to be fair and I do not think this question is fair. How can the chairman of the C.B.C., facing the fact that some of us are not in sympathy with government policies on this matter, be called upon to predict what is going to happen in 1957-58?

The CHAIRMAN: It is up to the committee to decide whether or not the question can be asked.

Mr. FLEMING: The matter is not nearly as complex as Mr. Goode's statement suggests. It is not complex at all. It is a case of given facts which are well known, that is to say, the plans that the C.B.C. has before it and a continuation of the present policy.

Mr. WEAVER: It is based on undetermined assumptions.

Mr. FLEMING: Does Mr. Weaver or any other member of the committee know any other way in which you test the cost of an existing policy so far as the future is concerned than to assume that the existing policy is continued to be applied, the plans the corporation has in mind are put into effect and you ask, "What, according to your best thinking, is the anticipated cost?" There is no business man alive who can estimate the cost of the continuation of an existing policy on any other basis. From that information he goes forward in deciding what new changes he wants to make in that policy.

The CHAIRMAN: He cannot speak with any probability about the possible change in policy.

Mr. FLEMING: Of course not.

The CHAIRMAN: Your question is very hypothetical, you must admit that, so if we continue asking hypothetical questions in an attempt to get hypothetical answers we will not get anywhere.

Mr. FLEMING: There is nothing, I suggest, that is hypothetical about it.

The CHAIRMAN: It is.

Mr. FLEMING: Excuse me—so long as it is properly understood. The corporation has told us this morning, as it has on many other occasions, that they are giving thought to the need of revenues in advance. They are not just thinking in terms of this month or the next month, they are thinking ahead. Their thinking on this subject is obviously based on certain assumptions and one of the assumptions is that the plans for expansion and carrying

forward of their existing commitments as they understand they are going to be carried out. The other assumption is one on which they are basing calculations all the time, I am sure, as far ahead as they can see—that they are going to be operating under the kind of policy which has existed up to the present time. I am quite sure that would apply to the C.B.C. It is simply on that basis I am asking a simple question. May I remind the members of the question. I have asked Mr. Dunton if according to the best thinking the C.B.C. has given to this subject, on the assumption they are going to carry forward with the existing program and work and, second, with the existing policy in effect they are going to require more money to be provided by parliament in some form or other for the fiscal year 1957-58. He has already given a figure in that respect for the fiscal year 1956-57. It is very simple.

Mr. REINKE: I believe Mr. Dunton has already answered this question. He has told us that the board of governor's projection and their commitments are based on what the grants will be under the provisions of the Act.

Mr. FLEMING: That is the existing policy.

Mr. REINKE: Yes, as it has been operating. We know there is a grant of \$6,250,000. We have a projection of what the income will be under the revenues from the sale of television, radio and tubes and he has told us—and it is on the record—that they are basing their policy on the income projected from these sources. Now, it is as simple as that.

Mr. FLEMING: My question is very simple and I am quite certain Mr. Dunton is perfectly qualified to answer it.

The CHAIRMAN: Suppose the conditions change and the policy changes—all your questions and answers will be useless.

Mr. FLEMING: No, it will be useful, I hope, to the committee, to parliament and to the public in deciding whether or not this is a sound policy to continue if, according to the best thinking, it is going to increase in cost in these years as far as we can foresee.

The CHAIRMAN: Parliament will have to decide whether or not it is a sound policy and not Mr. Dunton.

Mr. FLEMING: Of course parliament will make the decision, but that is no reason why we should be prevented from getting the information.

The CHAIRMAN: I think you have had all the information you require.

Mr. FLEMING: No, I have not.

Mr. RICHARDSON: Mr. Fleming is a member of the profession of which I am a member and I have the greatest respect for him. If I thought the answer the witness could give us would be information, I would be eager to have it. However, that kind of question will not give us information but a hypothetical answer.

The CHAIRMAN: That is what I said a minute ago.

Hon. Mr. McCANN: No one has taken into consideration, Mr. Fleming particularly in asking his question, what would be the policy in the event of a future board of inquiry recommending changes.

Mr. FLEMING: Certainly you will have to take those into account, and I am quite sure that any inquiry which is made with a view to determining what change, if any, should be made, will be made with the foundation information as to what the existing policy, if continued, would cost as far as it can reasonably be estimated, and that is all I am asking. It is plain and simple, and the standard sort of information which I am sure any business organization seeks when considering policies.

The CHAIRMAN: Gentlemen, I will have to ask the committee if it wishes to have these questions continue along this line.

Mr. CARTER: As I have been listening to the argument, I have been wondering if Mr. Dunton could answer the question as to what the income and expenditures would be and what the taxpayers' cost would be in two years' time. That would not be information, it would be just an opinion. I do not think it would have very much value because we cannot give realistic answers to something that changes so fast as the picture does in radio and television—it certainly has been changing rapidly in the last two or three years.

Mr. KNIGHT: If it is wholly speculation why confine it to two years? Why not ask Mr. Dunton what the situation will be ten years from now and expect him to answer?

The CHAIRMAN: I will have to ask the committee to take a stand on that by way of a vote or in some other way. We will have to decide whether that kind of questioning is going to be continued or stopped. I would like the committee to indicate its pleasure.

By Mr. Holowach:

Q. Perhaps I could ask a question or two and in receiving the answers we may satisfy the other questions asked by Mr. Fleming. As a new member I am not too familiar with all the facets of the past history of the C.B.C. but has there been a period or a time in the past when the operations of the C.B.C. have not been subsidized by parliament?—A. We have never used the word "subsidy." The whole basis of the operation of the corporation in the early years was provision in the law that the proceeds of the receiver set licence fee came to the corporation. It has to operate on those proceeds together with commercial revenues obtained by itself.

Q. Can you visualize a period in the future development of the corporation where a point might be reached when it will not be necessary to ask for these additional grants and loans from parliament?—A. I will put it this way; we are perfectly convinced and think it is very plain that it is impossible for anyone or anybody to operate a nation-wide service in this country—a national service in sound and television—on a purely commercial basis.

Q. Would the assets ever be built up to the point at which the corporation would be able to stand on its own legs?—A. Capital assets enable you to carry out your operation, but it costs money to carry out your operation and that is the big worry in both sound and television broadcasting. The Massey Commission report stated it is simply impossible in the country to produce programs as against all the pressure for importation and to distribute a program service right across the nation on a commercial basis—entirely impossible.

Mr. WEAVER: In line with what you asked a moment ago, I would move that Mr. Dunton not be required to answer questions on possible future revenues beyond what is already in the papers before us.

The CHAIRMAN: That is what you move?

Mr. FLEMING: I hope the committee realizes what that means. I cannot see any point in the committee conducting a review of the financial outlook of the C.B.C. if the committee is to be throttled in the manner proposed in that resolution. I have been a member of this committee every year since 1946, and I do not recall at any time an attempt being made in the manner proposed in this motion to throttle the discussion and prevent the committee in the open way in which this motion proposes to do it from obtaining information from the C.B.C. about matters that are highly important. This question of the future financing of C.B.C. operations is a very important matter, Mr. Chairman. I simply suggest that very serious consideration be given before

Mr. Weaver presses his motion or before members choose to support it. I personally could not see any point in continuing the meetings of this committee if that is going to be the sort of thing we are going to encounter.

Mr. REINKE: Mr. Fleming talks about throttling—

Mr. GOODE: Have you a seconder for that motion?

Mr. REINKE: I will be glad to second it. We are here to discuss the annual report for 1953-54. We have before us a tentative statement of income and expense ending March 31, 1955. It is not a complete statement, it is a tentative statement. We also have before us a projection of income and expense for 1955-56. We have projected statements here for two years. If that is throttling information I cannot agree with my honourable friend at all.

Mr. FLEMING: It is throttling information if the C.B.C. has given some thought to the following year which was the one year I asked about, is prepared to give it here, and is told by the committee not to give it in the form of this motion.

The CHAIRMAN: But you must understand that you asked for information on the tentative statement of income and expense for the year ending March 31, 1955. You have asked questions concerning the year 1955-56 and now you have gone so far as to ask about the year 1957-58.

Mr. FLEMING: I asked one very simple and easily understood question on it.

The CHAIRMAN: You will admit that you have gone beyond the request for information. Your request for information was for the year 1955-56 and now you are dealing with 1956-57 and 1957-58.

Mr. FLEMING: Yes, I asked the question about 1957-58 as compared with the year 1956-57. Mr. Dunton has given an answer about the year 1956-57 and he gave it without difficulty. I am asking a simple question about the following year which is as far as I intend to go with the matter. It is a simple comparison of the two periods according to the best estimates the C.B.C. has been able to make.

The CHAIRMAN: If you limit your question to the period 1956-57 we would not need a motion, and the whole thing would end on a friendly note.

Mr. FLEMING: Mr. Chairman, I will yield a good deal at any time for the sake of maintaining a friendly atmosphere in the committee, but I can tell Mr. Weaver the friendly atmosphere will not be contributed to by putting a motion like that. I have one simple question about 1957-58 as compared with 1956-57. Mr. Dunton has already answered my question about the year 1956-57. I did not ask for detailed figures, but simply for a comparison based on their best thinking.

The CHAIRMAN: But you must admit the answer to that would be very hypothetical.

Mr. FLEMING: It has been perfectly clear that it is based on two assumptions—certainly it was purposely understood between Mr. Dunton and myself—and I was prepared for an answer on those two assumptions as Mr. Dunton was prepared to give it, I think, on the two assumptions.

The CHAIRMAN: The motion reads like this:

That Mr. Dunton not be required to answer hypothetical questions on future financing beyond the projection of income and expense for the year ending March 31, 1956.

Mr. MONTEITH: He has already answered concerning 1957.

Mr. FLEMING: That is not the same motion as Mr. Weaver put.

The CHAIRMAN: I am the guilty one because I should have limited the questions when you reached 1956. If I had done that we would not be in this position. We are now discussing 1957-58 and have jumped two years ahead.

Mr. FLEMING: I hope it is understood that I was asking on that basis for the C.B.C.'s best thinking on the subject because the C.B.C. with its finance officers have been thinking ahead of this matter, and we are simply seeking all the information they have developed in their estimate. It is a simple question.

Mr. KNIGHT: Aside from whether it is ethical or proper to ask Mr. Dunton the question, if information may be defined as a recital of facts, what information can he give in regard to 1957-58?

The CHAIRMAN: Can you answer that question before putting the motion?

Mr. RICHARDSON: I think he meant in the rhetorical sense.

Mr. KNIGHT: If I can be accused of rhetoric that was a rhetorical question.

Mr. RICHARDSON: I would like to speak to the motion. Mr. Fleming is a member of my profession, as I pointed out, and although the committee has a rather wide latitude I submit with great deference to Mr. Fleming that if we were in a court of law trying to get facts, he should be restricted by all the known rules of testimony and we could only speak to those documents which have been produced on the record. We only have documents for certain years. If we allow a question of this type to be asked by Mr. Fleming—and I personally do not object if he wants to project it to the year 2000 A.D.,—I suggest with the greatest respect for my friend, who is a learned member of the bar, that if a court allowed questions of that type to go on you would never resolve issues and would never get judgments. I have only been in this committee this year, and I believe we are all trying to discharge our duties and attempting to get accurate facts on which we can base good judgments, but it would be a little unfortunate if we had to have a resolution or a motion to resolve our differences of opinion. Surely, Mr. Chairman, until today in this committee we have dealt with known facts and for the past three-quarters of an hour we have been dealing in the realm of speculation.

Mr. MONTEITH: There is only one thought that I would like to express. It occurs to me that we are here on behalf of the shareholders of C.B.C. It also occurs to me that the shareholders of any company would have a perfect right to have and would expect an answer to a question put to the management if the shareholders wished to know what views the management had concerning future years.

Mr. RICHARDSON: May I speak directly to that, Mr. Chairman. Mr. Monteith and Mr. Fleming both should know that under the Companies Act shareholders meetings are called for the purpose of reviewing the affairs of the past fiscal year and they are restricted only to the balance sheets and the statements that have been submitted.

Mr. MONTEITH: And any presidential report always includes a statement of the projected future.

Mr. RICHARDSON: I submit that it does not.

Mr. MONTEITH: I submit that you would only find two per cent of the corporation reports in Canada which would not contain it.

Mr. FLEMING: Apparently we are heading for a difference of opinion as between Mr. Richardson on the one hand and Mr. Monteith on the other. I wish to take issue with the statement that in no circumstances would any tribunal receive figures based on estimates. The courts take estimates all the time. There has been a confusion here as between hypothetical questions and

an attempt to obtain estimates. The C.B.C. is making estimates for the future all the time. Any corporation is bound to look to the future and make plans and estimates. Surely this committee should not be denied the benefit of such estimates as the corporation has made concerning the future. We are not asking them to sit down here and speculate this morning. We are simply asking them as to what estimates they have already made. I was not proposing to go beyond the year 1957-58. My question was designed to bring out whether, according to the estimates they have made, they can tell us how the fiscal year 1957-58 in the matter of parliamentary provision is going to compare with the figure they have already given us based on their estimates for the fiscal year 1956-57. It is a simple as that.

The CHAIRMAN: I see that I shall have to put the motion.

Mr. GOODE: Before you put it, I think it should go on the record a little bit further. Our terms of reference say this: "That a select committee be appointed on broadcasting to consider the annual report of the Canadian Broadcasting Corporation." I usually do not stick to rules too much, as you know, and I have been quite agreeable to having Mr. Fleming ask his questions, but if he is allowed to ask that type of question there is nothing to prevent his taking it as far as 1965. I am convinced the C.B.C. has a long-term policy, but he and I both know there is a change being considered now in government or parliamentary policy on this whole matter. I do not think it is fair to ask Mr. Dunton a hypothetical question, as I said in the first place. A hypothetical question would only bring a hypothetical answer in view of the fact that we all know the policy is going to be changed. I would certainly suggest to Mr. Fleming, who is a most fair member of parliament and who has been most fair on this committee, not to proceed with the question concerning 1957-58. He could ask it in the House if he likes, but if he asks it here it will force the motion and none of us want it put on the floor.

Mr. FLEMING: The mover of the motion will have to take the responsibility for it whether the motion is put or not. I must point out that Mr. Goode read about one-sixth of the terms of reference of the committee, whereas they provide are as follows: "Resolved that a select committee be appointed on broadcasting to consider the annual report of the Canadian Broadcasting Corporation",—and please note these words—"and to review the policies and aims of the corporation and its regulations, revenues, expenditures and development, with power to examine and inquire into the matters and things herein referred to and to report from time to time their observations and opinions thereon, and to send for persons, papers and records; that the committee have power to print such papers and evidence from day to day as may be deemed advisable or necessary; that the committee have power to meet while the House is sitting; that the committee shall consist of the following members: ..."

What I am asking for, Mr. Chairman, certainly comes in the clearest manner within the policies and aims of the corporation.

Mr. RICHARDSON: I doubt that, and I submit with the greatest diffidence to my learned friend that the operative verb is "review" not "speculate"; and that is past tense.

Mr. HOLOWACH: I think it would be very unfortunate if a vote were to be called on this.

The CHAIRMAN: I would not like a vote to be called and I would like a friendly agreement to be arrived at, but if I have to put the motion I shall have to put it.

Mr. HOLOWACH: The reason why I say that is that there might well be an improper interpretation given to the activities of this committee—the public might well interpret this and the motion as implying that all this type of

information is being withheld from the committee. I think that would be unfortunate and I would like to see the matter resolved in such a way that the motion is not called.

The CHAIRMAN: I would like to ask every member of this committee to limit his questioning to the year ended March 31st, 1956.

Mr. RICHARDSON: I am not too familiar with the rules under which we have to operate, but under the normal rules of procedure the chairman himself can determine whether questions are in order or not.

The CHAIRMAN: I know it is perhaps my fault, Mr. Richardson, but I want to give as much latitude I can to every member of the committee. Now that a point of order has been raised by Mr. Goode I ask the committee to help me make the decision.

Mr. WEAVER: In my opinion the questioning was going far beyond the terms of reference, and I do not see that the question had an answer. However, if Mr. Fleming would be prepared to withdraw his question I would be prepared to withdraw my motion.

The CHAIRMAN: You mean for him to limit his questions to the 31st March 1956?

Mr. MONTEITH: But figures are on the record for 1957—Mr. Dunton put it on the record for 1956-1957.

The CHAIRMAN: I should have stopped the questioning before that.

Mr. RICHARDSON: Frankly I do not think with the greatest respect for Mr. Weaver and Mr. Reinke that this resolution is necessary at all. May I suggest that you, as chairman, have the terms of reference before you; certain documents have been placed on the record. Any member of the committee may speak to them, but I suggest that to go beyond that is to go beyond the terms of reference of the committee and that is not proper.

The CHAIRMAN: A minute ago I asked every member of the committee to limit their questioning to the 31st March 1956. If every member agrees to that we will not put the motion.

Mr. FLEMING: If the chairman makes a ruling that is one thing, but to ask me to agree that my question is not proper is another thing; I am not prepared to agree to that. My question was perfectly proper.

The CHAIRMAN: The proposer and seconder of the motion will either have to withdraw it, or I shall make a ruling, or we shall go on to vote on the motion. But I am asking every member of the committee whether he wishes to limit questioning to March 31st, 1956. As we say in French "Mon desir est un ordre"?

Mr. FLEMING: You know the respect which I have for your wishes, quite apart from your ruling, Mr. Chairman.

The CHAIRMAN: I thank you.

Mr. FLEMING: Just a moment, I have not finished...

The CHAIRMAN: I will thank you, just the same.

Mr. FLEMING: This matter has developed at some length, my question was proper and it was not a very extensive question, and I propose to ask it unless I am prevented from doing so by the present motion or by your ruling.

The CHAIRMAN: Then I will have to put the motion.

Mr. FLEMING: If the motion is being put, I ask that the roll be called.

Mr. GOODE: Mr. Fleming has said the question is fair. I do not agree with him on that. I do not think the question is fair. I take a contrary view to his opinion. The question was not fair in my opinion. We have no right

to go beyond a certain limit. I am not prepared to say that that limit should be the 31st March, 1956 because already questions have been asked up to March, 1957, and I am prepared to go along with regard to that date in 1957, but no further, and I would certainly hope that Mr. Fleming would see the fair point in that argument.

Mr. FLEMING: It would be proper to go as far as the C.B.C. has projected its estimates.

Mr. GOODE: No, I am not prepared to agree to that extent. I suggest March, 1957.

Mr. FLEMING: I will be prepared to go as far as and no further than the C.B.C. has gone in its projections and studies.

The CHAIRMAN: I understand that Mr. Dunton has not given the answer yet.

Mr. FLEMING: No.

Mr. RICHARDSON: Just one last word on this, because I am sure that by now the committee is "fed up" with this continued discussion. My own personal view, as a new member of this committee, is that the terms of reference given to us are to review the policies and aims of the corporation, and I submit that any good English dictionary will indicate to all of us here, very quickly, that to review those aims and policies is not to speculate into far distant places.

The CHAIRMAN: I see that we cannot come to an understanding, so I will have to put Mr. Weaver's motion.

Mr. WEAVER: Mr. Chairman, it is just about ten minutes to 1. Could we perhaps not adjourn and deal with it later?

The CHAIRMAN: Could we sit this afternoon?

Mr. FLEMING: We should not adjourn now when we are just on the point of taking a vote, and when the question is fresh in our minds and we are ready to take the vote at this time. I ask for a roll call.

The CHAIRMAN: I understand that Mr. Goode suggests that we go as far as March, 1957, but I need an amendment for that.

Mr. KNIGHT: Does it need an amendment? Already the chairman has ruled the question out of order.

The CHAIRMAN: I asked the members of the committee to limit their questioning to the 31st of March, 1956, then Mr. Goode said he was ready to go to the 31st of March, 1957. But Mr. Fleming does not accept that.

Mr. RICHARDSON: Have you made a ruling or not?

Mr. GOODE: There cannot be a ruling with a motion before the chair.

The CHAIRMAN: No, we have a motion before us.

Mr. GOODE: The chairman is governed by the motion.

The CHAIRMAN: I cannot make a ruling when the motion is on the table.

Mr. WEAVER: I would be prepared to withdraw my motion on condition that you make a ruling.

Mr. FLEMING: The motion is there. Let us have it read, and take a vote on it, and be done with it.

The CHAIRMAN: Would you amend it to 1957?

Mr. GOODE: No, I am certainly going to suggest that the motion be withdrawn and that a ruling be made by the chair.

The CHAIRMAN: Well, will the committee accept a withdrawal of the motion?

Mr. FLEMING: I will not consent to a withdrawal of the motion.

Mr. BOISVERT: Let us have a vote. I move that the motion be withdrawn.

The CHAIRMAN: I would need unanimous consent to withdraw the motion.

Mr. RICHARDSON: All you need to have is the consent of the mover and the seconder.

Mr. FLEMING: That is not the rule of parliament.

The CHAIRMAN: No. I need unanimous consent. Very well, I will put the motion.

The motion is "that Mr. Dunton not be required to answer hypothetical questions on future finances beyond the projection of income and expenditures for the year ending March 31, 1956."

Mr. RICHARDSON: I move an amendment. I am not too photographically minded, but after the early words of the motion there be inserted "that the questions put to Mr. Dunton by Mr. Fleming being beyond the terms of reference of this committee" and then go on.

The CHAIRMAN: Will you write out your sub-amendment, please?

Mr. CARTER: All you need is that Mr. Dunton be not required to answer hypothetical questions without any date.

Mr. GOODE: You could not put that in. Who is to know what is a hypothetical question?

Mr. RICHARDSON: Mr. Chairman, my amendment to the motion then would be that after the word "that" in the main motion will be inserted the words, "The question put to Mr. Dunton by Mr. Fleming, being beyond the terms of reference of this committee".

The CHAIRMAN: Have you a seconder?

Mr. BOISVERT: I will second it.

Mr. FLEMING: Mr. Chairman, the amendment is out of order, but I will not press it now, because we want to proceed with the vote. We have spent 40 minutes on this already. I would like to see the vote taken.

The CHAIRMAN: The amendment of Mr. Richardson that "The question put to Mr. Dunton by Mr. Fleming, being beyond the terms of reference of this committee," is now before us. The question is on the amendment put by Mr. Richardson to the motion by Mr. Weaver. Those in favour of the amendment will please raise their hands. We will have a recorded vote.

(For recorded vote see minutes).

The CHAIRMAN: It is ten to two in favour of the amendment.

Mr. FLEMING: I am asking for the roll call on the motion as amended.

Mr. GOODE: Speaking to the motion, before any misrepresentation is taken on this motion, may I put on the record that this was not a party vote and that the members of the C.C.F. and the Social Credit parties joined with the Liberals in supporting the amendment.

Mr. FLEMING: That is a highly improper comment. Mr. Goode knows the rules of the House, and in the most express terms they prohibit any comments on the vote on any motion, and those rules apply in committee as well.

The CHAIRMAN: We will strike them from the record.

Mr. GOODE: My comments are made on the same basis as the question asked by Mr. Fleming regarding 1957-58.

Mr. FLEMING: Those remarks are completely out of order!

The CHAIRMAN: Would you accept the same vote?

Mr. FLEMING: No, I am asking for a vote to be called.

The CHAIRMAN: Not the same vote?

Mr. FLEMING: No, the roll call on the main motion as amended.

(For recorded vote see minutes).

The CHAIRMAN: The motion is carried as amended.

Mr. BOISVERT: I will move that we adjourn, Mr. Chairman.

The CHAIRMAN: We will sit this afternoon.

Mr. FLEMING: No, we cannot get a committee room.

The CHAIRMAN: The clerk tells me we can find a room. I am afraid if we do not sit this afternoon to try and finish with the C.B.C. we will have to wait until the week after next to sit because too many members will be absent.

Mr. FLEMING: If the committee is going to meet this afternoon, may I suggest we meet as soon as the orders of the day are called instead of waiting until 3.30. We could make an earlier start.

The CHAIRMAN: If we can get a room; it will be at the call of the chair. Mr. Gratrix will try and get a room and notices will be distributed. It will be 3.15 p.m.

EVIDENCE

(Afternoon Session)

FRIDAY, June 3, 1955
3:15 p.m.

The CHAIRMAN: We have a quorum, gentlemen.

Mr. A. Davidson Dunton, Chairman, Board of Governors, Canadian Broadcasting Corporation, recalled:

Mr. FLEMING: May I ask a question?

The CHAIRMAN: Yes, sir.

Mr. FLEMING: Have we put on the record the figures which Mr. Dunton gave us this morning with respect to the projection of income and expenditures?

The CHAIRMAN: Yes.

By Mr. Fleming:

Q. Mr. Chairman, I have a question to ask Mr. Dunton in regard to the item which appears in all these statements, the financial statements, on page 48 for the year ending March 31, 1954 as well as on the tentative statement for the year ending March 31, 1955, and the projection for the present fiscal year. It is the item under income, commercial broadcasting. I should say to you at once that I had always understood that to be a gross figure. But from conversation in this room a couple of weeks ago I rather gathered the impression that it is not a gross figure, but it may be a net figure. Would you clarify that for me, please?—A. It is the figure covering revenue from commercial, which can be applied to the operations of the whole system. I think I could answer you by explaining that, as you know, usually in practice, particularly in commercial sound broadcasting the sponsor used, in most cases, to furnish the program. Therefore, no cost in relation to the programming went through our books. In television, some programs are furnished, and there are a number which we produce ourselves. When these become sponsored, in the first case no money related to the production of the program goes through our books. But if we are producing a program there are funds going through our books. In a case like that the amount which the sponsor pays to us in relation to the production of the program is offset by the out-of-pocket expenditures we have in connection with that program. Therefore such sums do not appear on the revenue side.

Q. Where do they appear in this statement?—A. They would not appear on either side.

Q. They are just eliminated on both sides of the ledger, in this case?—A. Yes.

Q. What would they amount to?—A. In the year 1953-54 it would be around \$600,000.

Q. And in the following year?—A. In 1954-55 it will be just about \$2 million. I might say that there is another figure. Funds which go through our books and which are the payments to private station networks, and which come into us and are paid out to the private stations—such figures do not show in our commercial revenue.

Q. What is your projection for this present year?—A. Somewhere around \$2,300,000 or \$2,400,000. That is the figure which we have been trying to get as high as we can.

Q. But the figure you gave us as to the payments made to private stations?—A. The figure I gave was for the payment by sponsors.

Q. Yes, that is commercial revenue, and that does not include your payments now, which you just mentioned made to private stations by way of sharing the revenue with them.—A. No.

Q. There was a statement made this morning by the Hon. Mr. McCann about the possible use of telemeters, the purpose of which, as I understand it, is to assess a fee on the television viewer who chooses to view a particular program. Has the C.B.C. given any study to such a system for revenue purposes?—A. We have looked at them all. I think I gave evidence on it before. We have kept them under observation.

Q. What do you mean when you say that you gave evidence on it before?—A. I mean in this committee.

Q. You mean this year?—A. Yes.

Q. Well, in this matter does your function go beyond advising the government as to how this would work out and informing yourself as to how it would tie in with your work, from an operating point of view.—A. I would not say that it went that far. Naturally, we try to keep abreast of any interesting developments in the field, and we have done so in this case. It is not specific advice. I imagine that the government authorities have been watching the developments too.

Q. I wonder if Dr. McCann would care to say anything to us about what the position of the government is in regard to this matter which was mentioned this morning?

Hon. Mr. McCANN: No, it has not been discussed to my knowledge with the government at all; but it has been discussed with the C.B.C. because I remember sometime ago I was invited to a demonstration of it by the people who manufacture it, and they came here all the way from California to demonstrate it. My thought was that if it was used by private stations and if they got revenue from it, there would be that much less which would have to be supplied in the way of programming by the C.B.C., which costs money. But it struck me that if it was used on C.B.C. stations—I mean on receiving sets served by a network, the company which owns it would have to be paid for its use, and it would be additional revenue.

By Mr. Fleming:

Q. There was one matter I asked yesterday, Mr. Chairman, and I think Mr. Dunton asked Mr. Bramah to look up a memorandum. It was in regard to the possible shift of the fiscal year of the corporation so that instead of corresponding with the government fiscal year, it would correspond with the calendar year. Apart from the initial difficulty in shifting, and making the change, has the corporation any view to express on that subject?—A. We have no official view because the board has not considered it officially. But in considering it informally, since you mentioned it yesterday, we can see quite a number of practical difficulties.

Q. Would you please tell us about them? When I asked about this matter at a previous time, I think it was in the House, my thought was that it would enable the corporation to complete its annual report earlier, so that the report would come before parliament at the session immediately following the close of the fiscal year. Now, in this year 1955, we are dealing with your statement for the fiscal year ending March 31, 1954. But if your fiscal year was closed three months earlier, we would be having, in this 1955 session of parliament,

your report and financial statements complete for the fiscal year which would have ended on December 31, 1954. That was the principal reason for asking that the subject might be considered and studied.—A. I was going to make my remarks from the point of view—the selfish point of view of the corporation's own activities.

Q. What are those difficulties which you foresee?—A. One is the international service. As you know, all our funds are handled by the same treasury department as part of the same organization. And the international service year has to close with the government's fiscal year. There will be considerable difficulty otherwise. I suppose it could be cleared up; but the statutory grants are approved as on a fiscal year basis; the excise tax yield and proceeds—while we get monthly payments of them, we get the full year when the year has been tidied up, so that we can be sure that we get the full year's proceeds at the end of the government's fiscal year. Then there is the actual and practical problem of the work of our accounting department. Perhaps it is not realized that our treasury department has to do much more work on income tax returns than most organizations in relation to the size of the organization. It has to do all the work in relation to the employees income tax and also that of the artists. They have estimated that they have about 22,000 income tax returns to do.

That work now is cleared up in the early part of the calendar year, and it would be rather a heavy load to place on our treasury department to be trying to do it in January and February, and also trying to close the year out. That is purely a practical matter, but now the work is spread out a bit.

Hon. Mr. McCANN: Can you tell me—I think I am right in saying that most of the Crown corporations have a corresponding year to that of the government.

Mr. FLEMING: There are some of both kinds. We touched on that yesterday. There are some which are on the government's fiscal year basis, and others which are on the calendar year. Then, of course, there are some government departments which prepare their statistics on a calendar year basis rather than on a fiscal year basis.

Hon. Mr. McCANN: That is not just as important.

By Mr. Fleming:

Q. It is a little different, but it may have some bearing. Does that complete your review?—A. Broadcasting to a considerable extent is a seasonal thing. As it stands now we can do our major financial planning and thinking towards the end of one season, getting ready for the next, because the fiscal year pretty nearly spans most of the operation season; whereas using the calendar year it would become right bang at the peak. It would not be insuperable, but I am putting the difficulties from our own point of view.

Q. Does that complete your review?—A. Yes.

Q. As far as excise taxes and payments of statutory grants are concerned, I presume you will be paid them anyway and continue to receive your net remittances on the statutory grants and the excise taxes at the same time as heretofore, part way through your fiscal year instead of in tiny amounts, so that would not be a serious problem at all.—A. It could be solved, but I remember the wording of some of the legislation.

Q. Let us assume that the legislation is adjusted to meet the needs of the change. I am thinking of any practical difficulty which might present itself to the C.B.C. Really, there was not anything in those two points?—A. They could be worked out, but there would be no difficulty.

Q. Are you speaking of it from the point of view of the government or of the C.B.C.?—A. From that of the C.B.C., and in getting money from the government.

Q. If it is from the government's point of view, let us assume that it is taken care of by legislation and you are simply receiving those remittances on the same date as heretofore, but it would come part way through your fiscal year instead of at the tail end of it. There is nothing there which is formidable in the way of difficulty?—A. I do not think it would be insuperable.

Mr. GOODE: What would be the advantage; I cannot see the advantage? I cannot see Mr. Fleming's points. We have spent quite a bit of time on it. What would be the advantage of making the fiscal year end with the calendar year rather than the way it is now?

Mr. FLEMING: It would be of assistance for parliament to have up-to-date reports before it. It would mean, as I mentioned earlier, that we would have reports before us in the session running at a date nine months later than at present. If the corporation were on a calendar year basis, we would now be dealing with the report not for the fiscal year ended March 31, 1954 but for the fiscal year ended December 31, 1954, which is nine months later.

The WITNESS: There is one other point I would like to mention, a practical one, which we would have to ask our treasury people to assume at any time at this stage, when they have such a very heavy load of work from the increase in television. There are also the recommendations in our accounting system, and the possible development of a cost accounting system in sound broadcasting. We would dislike to put that extra load on them of the shift.

By Mr. Fleming:

Q. I am not overlooking that the initial change in the fiscal year would present difficulty. The mere shifting of the year would obviously present difficulty. But with respect to this matter of the international service, that is just a matter of your receiving remittances in response to accounts rendered to the government.—A. Yes, I think that would be a pretty hard one to sort out because the money is definitely voted by parliament to be used in a given fiscal year. The provision of money by parliament from which we can draw to pay our bills—that would be particularly difficult to work out.

Q. Would it be possible to close off the books of the international service at the end of the calendar year?—A. I do not see how we could.

By Mr. Monteith:

Q. It is only an account receivable as far as you are concerned. Anything you spend is purely an account receivable from the international service or from the government. It is not an expenditure of your own. It is only an account receivable, a net amount which you spent. So whatever it might be, it is not a profit and loss of yours. It is merely an account receivable.

Mr. GOODE: We have both had some experience, but I have never seen a firm which could close off one branch on a calendar year basis and other branches on a fiscal year basis.

Mr. MONTEITH: There are other government corporations, Crown corporations with a 31st of December year end, but I do not think this international service is, as I understand it. Whatever you spend up to a certain date, less whatever you receive, is a receivable whether it be the 31st of December, or March 31st or the 30th of June. It doesn't matter, because the only way it appears on your books is as an account receivable.

The WITNESS: That is right, but I would say there is a greater difficulty in connection with the parliamentary vote of money for the international service to be used in the fiscal year.

By Mr. Fleming:

Q. You are anticipating a problem there from the point of view of parliament, I take it, not in collecting your monthly remittances in response to your bills?—A. Yes. I would not want to be left in a position where the finance department would say: “there is no authorization”.

Mr. MONTEITH: Parliament could still vote money for twelve months ending the 31st of March, but you would only receive what you billed them up to the 31st of December.

The WITNESS: We would, in that case.

Mr. GOODE: I can foresee difficulties in regard to a thing like that very quickly, but I would be surprised if that was the general practice, I think that Mr. Monteith and Mr. Fleming would be the first to raise up serious objection to it.

Mr. MONTEITH: No. I agree with Mr. Fleming that by the time we get around to this statement, we are a year later. We have got estimates for the 31st of March, 1955 now, yet we have not got the balance sheet figures.

Mr. GOODE: We are reviewing, not anticipating. I see Mr. Monteith's point, but I would not want to try to do it in regard to the conduct of a business.

By Mr. Monteith:

Q. I wonder if Mr. Dunton has any figures on the amount of money spent on fixed assets during this year ending the 31st of March, 1955?—A. Yes, we have, sir. I have the figures for 1954-55, which would represent the actual cash spent out.

Q. Charged to assets?—A. Yes. On television it was \$4,600,000; and on sound, it was \$1,080,000.

Q. We have a projection for 1955-56. Have you got any estimate there in the projection of the expenditures for fixed assets in this coming year?—A. They are just being worked on right now.

Q. Well, I think that Mr. Dunton would agree with the figure we had this morning, whatever it was, that it was an item of cost to the taxpayers in 1954-55 of \$23,464,000 and that it should be increased by this figure of \$5,680,000.—A. I do not think there is any doubt that it is money which presumably comes from the taxpayers at some earlier stage, or which will be repaid out of future revenues to come partly from the taxpayers, and partly from commercial revenue.

Q. If we take in this figure of \$5,680,000 as additional cost to the taxpayer, the amount for depreciation should be taken off.—A. Yes.

The CHAIRMAN: Are there any more questions?

By Mr. Goode:

Q. May I go back to this subject which was brought up by Mr. Fleming in regard to wired television service in Canada. As far as I recollect, Mr. Dunton, there is one in Montreal and one in Vancouver. It is a selected service to selected recipients.—A. I know there are those two systems.

Q. I have not seen either of them. I believe there is some type of typed service in the east Kootenay area. I wonder whether this subject of programming and costs could not be alleviated somewhat by the C.B.C. going into that business eventually. Private companies are making money out of it, otherwise they would not be in that business. CJOR is in it in Vancouver, if I remember correctly, but I would not be too sure because I do not know too much about what I am talking about. I wonder why the C.B.C. does not go into that business too.—A. We are primarily a broadcasting organization. That means

that we produce and collect programs and put them on the air and transmit them. But these organizations are doing something else. They are receiving and distributing organization, in one form or another. One form may be to receive what is being broadcast in its own receiver and transmit it by wire to the subscriber's home. That is not broadcasting. It is a form of communication of something which they have taken from the air, and they are getting money from their subscribers for transmitting it through cables and putting it into a monitoring set in the subscriber's house. Perhaps you can make money in doing a thing like that, but I do not think it is an operation for a broadcasting organization to develop. You would be going into a commercial communication kind of operation.

There is another type which I believe is the type used in Vancouver. In that case they have a central antenna, and with that antenna they take the signals by cable to the subscriber's house where the subscriber has his own receiving set. That is a form of common or community antenna. In that case the payment is made for the use of the good antenna of the organization which is set up, while the subscribers own the sets in their own houses.

Q. Where do they get their programs?—A. From the air, provided by broadcasters, and they get them free.

Q. Does the television program they are putting out in the east Kootenays come from the Spokane station operating jointly? What about Vancouver? Is there any such wire service from that television?—A. They simply take the television signals which are in the air.

Q. Could these people get those programs from their regular receiver just the same as the programs which they get from CJOR, or whoever puts them out?—A. No. There would be some programs which are available on the airwaves in that area in any case.

Q. What would be the advantage?—A. The advantage that in some cases you can get better reception, especially if the program originates at a distance, or if there are natural obstacles, because they can put an antenna at a high point and get good reception from a fairly distant station and pipe the signal into the subscriber's homes and thereby give them better signals than they could get in their own homes. But it is something which is taken out of the air. It is free, but they get a better quality of signals.

Q. What about this 25 cent program? Do they get different programs on the air with these metered jobs we hear of?—A. Nobody knows, because it is not operating at any place yet.

Q. There are none in the United States yet?—A. There have been one or two experiments in the United States, but the whole subject is being studied by the Federal Communications Commission. It has been the subject of a great deal of study in the United States.

Q. Would it have any connection with the kind of service which is being operated or employed in the east Kootenays?—A. No.

Q. They do not have to come for a licence or anything else. They can just pipe it in, or bring it in from a mast in Spokane and send it to the homes, and neither the Department of Transport nor the C.B.C. has anything to do with it?—A. That would come under the authority of the Department of Transport, which is considering regulations and conditions of licensing now.

Q. There is no licence needed at the moment?—A. I am not sure. I do know there is provision for the licensing of what are called private commercial receiving stations.

Mr. BOISVERT: Is that question not before the Exchequer Court of Canada?

The WITNESS: There was a case related to the use of program material by a wired system. I understand a decision was handed down.

By Mr. Fleming:

Q. There are a couple of items which I have been looking over and which I thought should be made a matter of comment under the heading of expenditures, and just following the trend of the expenditures on the first two items, namely programs and engineering. Under the heading of expenditure, taking the first two items, namely programs and engineering, the total expenditure for programs on both sound and television in the fiscal year ended March 31, 1954 was \$11,703,000. For the fiscal year ended March 31, 1955, your estimate is approximately \$17,839,000, and your projection for the current fiscal year is \$26,740,000?—A. That is right—combining the two.

Q. Under the heading of expenditure, taking the first two items, namely programs and engineering, the total expenditure for programs on both sound and television in the fiscal year ended March 31, 1954 was \$11,703,000. For the fiscal year ended March 31st, 1955, your estimate is approximately \$17,839,000, and your projection for the current fiscal year is \$26,740,000?—A. That is right—combining the two.

Q. On the engineering the total in the fiscal year ended March 31st, 1954 was \$4,208,000 in round figures; in the fiscal year ended March 31st, 1955, the estimate is \$6,256,000, and your projection for the current fiscal year is \$9,840,000?—A. Yes.

Q. The third item I would like to comment on is the item of audience research. I do not see any such item in the statement for the fiscal year ended March 31st, 1954 and it does not appear on the statement for the fiscal year ended March 31st, 1955, but in your projection for the current fiscal year you have \$25,000 estimated for audience research on television, and \$100,000 for sound broadcasting services. Is this just a matter of changing the name of the item?—A. Yes. In these other years they are consolidated with the program expenditure—this is really a part of program expenditure. In the projection we have put it in separately.

Q. Well, can you give us the expenditure on audience research?—A. I think you have had the information with regard to 1953-1954.

Q. \$85,000 for the year 1954-55?—A. For both sound and television.

Q. \$85,000 for sound broadcasting and integrated services, \$16,000 for television. What year was that?—A. 1954-1955.

Q. What about the fiscal year ended March 31st, 1954?—A. You have got pretty much the figures as you went through under listener surveys?

Q. Yes, I see a figure here in your earlier breakdown for the fiscal year ended March 31st, 1954 on listener services—\$30,349 for sound, \$8,013 for television.—A. Yes.

Q. Does that represent total expenditure corresponding to these projected figures for audience research?—A. It would not quite, because I think as you may have noticed we set up a special section dealing with that about that time, about a year and a half ago. So before that, when we were getting the services, and some people were working on it, they were people in other divisions—in the commercial division and the program division particularly. Then we set up a small section to deal with this question of audience research which has a small staff and deals with these surveys and material of this kind.

Q. The item embraces not only the research which you are carrying on through your own unit but also the payments you make as subscriptions to the listener research services?—A. Yes, as I explained, the large part of the work of this section, which is a small one, consists of studying the results of the commercial services to see what use they can be to us. We do very little original research or field work ourselves.

Q. What are the services to which you are now subscribing?—A. As I said before, Elliott Haynes, International Surveys and B.B.M., the Bureau of Broadcast Measurement.

Q. That is a complete list?—A. Those are the only ones to which we subscribe on a regular basis.

By Mr. Monteith:

Q. I would just like to put one thing on the record—the loans by the government to the C.B.C. with respect to television at the 31st March, 1954 amounted to \$12,750,000?—A. Yes.

Q. I understand that there is an increase of \$3 million in the fiscal year ended 31st March 1955?—A. Approved by parliament last year, yes.

By Mr. Fleming:

Q. Does that completely account for the projected increase in your expenditure on interest in the figures you gave us this morning? May I remind you, Mr. Dunton, that your tentative statement for the fiscal year ended March 31st, 1955 showed interest on loans of \$453,000 for television and \$94,000 for sound broadcasting, which would total \$547,000; and in your projection for the current fiscal year you show \$95,000 interest on loans on sound broadcasting and \$550,000 interest on loans for television, totalling \$645,000, that is, an increase of \$100,000 over the fiscal year ended March 31st, 1955. Is that difference completely accounted for by the additional loans which you received in the fiscal year ended March 31st, 1955?—A. As far as the statement for 1954-1955 goes, yes.

Q. There are no other loan transactions contemplated in the present fiscal year?—A. No, but as I explained this morning, in order to meet our capital commitments and carry out capital projects we have to have a loan this year.

Q. I thought you were going to apply something like \$10 million from your reserves?—A. That will be nearly all needed to cover our operating deficits.

Q. Can you indicate how big a loan you estimate you are going to require in the present fiscal year to take care of the capital requirements you speak of?—A. As we see it at the moment, about eight and a half million dollars, of which two and a quarter million dollars represents capital projects which have been largely completed out of our own surpluses—and then the remainder, about six and a quarter million dollars, represents other projects.

Mr. MONTEITH: When was that \$3 million received in 1954-1955?

The WITNESS: On March 31st.

By Mr. Fleming:

Q. The figure we had, then, this morning of \$43 million in round figures for projected expenditure for the current fiscal year is on current account only. Actually you expect to expend on both current and capital accounts in the current fiscal year about \$51½ million?—A. Yes—if we get the capital loan, which we have not received yet.

Q. Subject to your receiving from parliament the loan which I take it you will be asking for of \$8½ million, your projected expenditure for this present fiscal year would be \$51½ million?—A. That is not quite right. We must be careful not to put things in twice. As I said, \$2¼ million worth of capital expenditure has to a large extent been paid out already out of our surplus.

Q. If you get the sum you are asking for by way of loan are you going to put that back into your surplus?—A. If the loan takes care of these capital projects, that money will be available to cover current operations—this year.

Q. Are you saying that this expenditure of \$2 $\frac{1}{4}$ million was largely completed in the fiscal year ended March 31st, 1955?—A. No, but largely committed in that time.

Q. All your bills will be paid largely in this current fiscal year?—A. Yes.

Q. That means that the actual expenditure will then run to the \$51 $\frac{1}{2}$ million in the current fiscal year, if you get the loan you are asking for?—A. Yes.

Q. This will be the actual monies paid out?—A. Yes.

Hon. Mr. McCANN: This question of what might happen if a loan is granted should not be discussed here until the final supplementary estimates come in. With regard to this business of putting down figures of what the loan is going to be, you cannot do that with any certainty. You can put down what the C.B.C. have asked for, but that is always subject to the approval of the treasury board.

Mr. FLEMING: I do not think that Mr. Dunton was going beyond saying that, Mr. Chairman.

Hon. Mr. McCANN: I do not know whether the government is going to be as generous as the C.B.C. asks.

The WITNESS: I think I was covering myself very carefully.

Mr. FLEMING: Yes, I think Mr. Dunton answered that with his usual caution.

By Mr. Holowach:

Q. How much money was spent by the international service of the C.B.C. during the past fiscal year?—A. I am sorry, I did not quite hear the question.

Q. How much money was spent by the international service of the C.B.C. during the past fiscal year?—A. Just about \$2 million.

Q. I understand that this year there is to be a substantial trimming of the monies allocated to that service?—A. That is right.

Q. What were the factors which motivated such a recommendation?—A. This was discussed in the committee before, but I will go over it again if you wish. This was a question involving a government decision, and the government decided on, and proposed to parliament, the estimates for the fund to cover the international service, and the government last year decided to propose this smaller sum of just over \$1,600,000. Dr. McCann explained the matter in the House before this committee was set up.

Q. Do you not think this smaller sum allocated to the international service will adversely affect the effectiveness of the international service in its achieving its objectives?—A. I explained earlier in the sittings of this committee that the decision covered both the question of the money allocated and also the question of the services which might be cut out or reduced, and those services will be reduced either to weekend services, or as in the case of the Finnish service, eliminated altogether.

Mr. GOODE: This is subject to government policy, Mr. Dunton?

The WITNESS: Subject to government policy, yes.

The CHAIRMAN: Are there any other questions?

Mr. RICHARDSON: We are dealing now with financial matters?

The CHAIRMAN: Yes.

Mr. RICHARDSON: When we come to refer to other matters, I shall have a question to ask.

Mr. GOODE: We are finished with finance now, Mr. Chairman.

The CHAIRMAN: We are finished with finance.

By Mr. Richardson:

Q. Then I have one more question, Mr. Chairman. Some members of the House read the Toronto Globe and Mail and questions sometimes arise as a result of their reading it. Here is one extract from that newspaper which I would like to put to Mr. Dunton for his comment:

Television and other mass media threaten to black out the thinking of young and old alike, Rev. John McNab, editor of the *Presbyterian Record* told the 81st General Assembly of the Presbyterian Church in Canada yesterday.

This cutting, by the way, is dated June the 3rd, 1955.

Dr. McNab charged that a form of subtle propaganda is being unleashed through mass communications that is changing the Christian way of thinking.

I have no doubt that it is unfair to Mr. Dunton, at such short notice, to ask him to try to answer that—and it is not too necessary to answer it as far as I am concerned. But if he would care to comment, I would like to have your views.—A. I think anyone who really watches what is on Canadian television stations and does not comment without watching, would agree that there is a great deal of material which is very stimulating and thought-provoking.

Q. Now I would like to ask a question on the evidence given by Mr. Murdock, of the 27th of May, I think, referred to in the minutes at page 688. In his brief he refers to two agreements, one of which is the broadcasting agreement signed in 1950 and a television agreement of July, 1952, and on page 695 are questions about these agreements and I said I supposed that this matter might more properly be taken up with the C.B.C. I asked: what are those agreements and the dates? And he answered:

The radio agreement is July, 1950, and the television agreement is I think July 1952.

I would like to ask the question now: are these two agreements still in effect?—A. This is not an easy matter to answer, Mr. Richardson. There was, as Mr. Murdock said, an agreement covering sound broadcasting signed in 1950 which ran out as signed in 1951. Mr. Murdock says it is still in effect.

Q. Do I understand, or does the committee understand, that that agreement is not in effect?—A. The terms of it in general are still to be carried out with some modifications which Mr. Murdock has asked for since. It is hard to say whether it is in effect or not. There is no document covering the period from that date up to the present time.

Q. In that case I am bound to say that Mr. Murdock was less than frank with us. How about the other agreement? Is it the same speculative status?—A. As far as I know there was no other agreement signed covering television. A document was discussed in general terms. The terms in that document are those which do apply to the hire of musicians but to my knowledge there is no overall document signed by both parties in existence.

MR. REINKE: Is there any scale for television payments in the same way as there is for sound broadcasting?

The WITNESS: Oh yes, very definitely.

By Mr. Richardson:

Q. In other words a lawyer might call it a "unilateral agreement".—A. In fairness, I think it should be said that quite often our people object to things which Mr. Murdock says—

Q. That is one of the reasons for my earlier questions, and if members of the committee will be patient I would like to refer again to the brief on page 688, where Mr. Murdock says:

In the evidence before this committee it has been said in effect that "union rules" prevent by way of making too expensive the feeding of Canadian programs to United States networks. I know that Mr. Bushnell has interjected that this is not a rule of the Musicians Union. But I wish to make the point once more: Our agreement on radio broadcasting with the Canadian Broadcasting Corporation does permit the feeding to the U.S. of any radio musical program without extra charge.

I think it is only fair in view of that, and certainly in view of what we have heard now, to know just what the status of these agreements is. It seems nebulous, to say the least. You may want to ask Mr. Bushnell to answer that question, Mr. Dunton.

Mr. BUSHNELL: In point of fact as far as the rate is concerned, while we actually have no valid signed agreement we have an operating agreement and an understanding, if you like; and the musicians union has never required us to pay anything extra for the exportation of programs to the United States unless the material was on a tape or a disc.

As far as television is concerned we have no signed contract. We are working under an agreement propped by Mr. Murdock, to some clauses of which we take strong objection and for that very reason the contract as such has not been signed. The original document is still in my briefcase but unfortunately I did not bring it here this afternoon. But, as I say, while we have strong objections to some of the clauses in it, cooperation with the musicians union has by and large been a reasonably happy one. Whether it is signed or whether it is not doesn't seem to make a very great deal of difference at times.

There is one rather curious clause in all agreements when we do have to sign individual agreements with performers or orchestras which stipulates that the laws and regulations of the federation and of the local are "hereby agreed to". Now it is conceivable that the laws and the regulations of the international federation, or the laws and the regulations of a local could be changed at any time, and that is something which we would like to "iron out" with the federation.

I would like to make this very clear—that if we make an agreement with Mr. Murdock he keeps it.

Mr. RICHARDSON: Did you make it?

Mr. BUSHNELL: If we make it—

The WITNESS: I may say that if Mr. Murdock and Mr. Bushnell do settle something over a cup of coffee sometime they both stick to it.

Mr. RICHARDSON: We may take it that the C.B.C. have a copy for the record of these rules and regulations—this so-called paragraph which binds the C.B.C.?

Mr. BUSHNELL: I can get them.

Mr. RICHARDSON: You have not got them?

Mr. BUSHNELL: Oh, the rules and regulations—I thought you were talking about the agreement. I think they could be discovered somewhere, but officially we have never been given them so far as I am aware.

Mr. RICHARDSON: Therefore you and your associates do not know by what you are bound?

The WITNESS: At times we have found that out.

The CHAIRMAN: Are you through with those questions now?

Mr. RICHARDSON: Yes.

The CHAIRMAN: Are there any other questions? Are we finished now?

Mr. GOODE: There is just one observation I have to make, and the committee might wish to consider it: some of us are very anxious that a Royal Commission should be appointed to consider all of these matters. My impression of the statement made in the House has led me to believe that a commission is going to be appointed, and then again, the argument could be made out that it is not. No definite statement has ever been made, and I rather think that this committee should be told whether a commission is to be appointed before the end of this session. I make these remarks because the decision will affect the committee's considerations when it is bringing in the report. Personally, as I think my questions have indicated during the sittings of the committee, I am fully in favour of a commission being appointed, and so are most of my colleagues in British Columbia, and before we sit down to work out a report I think it is most important we should have this information, whether it is given in the House or whether it is given in this committee. The important consideration is that the decision should be known to us so that we can take it into account in due course.

The CHAIRMAN: I think I have no authority to ask the Prime Minister to make a definite statement with regard to the appointment of a Royal Commission. This, being a matter of policy, has to be announced on the floor of the House and it will most likely be announced on the floor of the House when it comes—if it comes.

Now do I understand that the committee is ready to adopt the annual report of the Canadian Broadcasting Corporation for the year 1953-1954?

Mr. RICHARDSON: I so move.

Mr. KNIGHT: I second the motion.

The CHAIRMAN: Moved by Mr. Richardson and seconded by Mr. Knight that the report be adopted. Is that unanimous?

Agreed.

Now we will adjourn, but before members of the committee leave it is my pleasure to thank every one of you for the cooperation you have given me during every sitting of this committee. You made my work very easy. It was my first appointment as a chairman of a committee and if I had not received the cooperation of every member it would have been much more difficult for me to guide the work of this committee. I should also like, on behalf of the committee, to thank all the witnesses who have appeared before us for the cooperation they have shown, and the understanding they have displayed. I should like further to express my appreciation and that of the committee, to the members of the reporting staff for the excellent manner in which they have carried out their task.

Mr. HANSELL: What is our next step?

The CHAIRMAN: We shall begin consideration of the report, and I think that will be at the call of the chair. I do not know when the committee will reconvene. If I gave a date now, it would be very hypothetical.

APPENDIX “A”

New Stations authorized in areas already having primary service from existing stations during the period April 30, 1953 to May 13, 1955.

APPENDIX "A"

NEW STATIONS AUTHORIZED IN AREAS ALREADY HAVING PRIMARY
SERVICE FROM EXISTING STATIONS DURING THE PERIOD
APRIL 30, 1953 TO MAY 13, 1955.

<i>Location</i>	<i>New Station</i>	<i>Stations Already in Existence</i>
Edmonton, Alta.	CHED	CBXAEdmonton, Alta. CFRNEdmonton, Alta. CHFAEdmonton, Alta. CJCAEdmonton, Alta. CKUAEdmonton, Alta. CJCAEdmonton, Alta. CKUAEdmonton, Alta.
Camrose, Alta.	CFCW	CKWXVancouver, B.C. CJORVancouver, B.C. CBUVancouver, B.C.
North Vancouver, B.C.	CKLG	CJBCToronto, Ont. CFRBToronto, Ont. CBLToronto, Ont. CKLWWindsor, Ont. CBEWindsor, Ont.
Brampton, Ont.	CFJB	CBLToronto, Ont. CJBCToronto, Ont. CKWSKingston, Ont.
Leamington, Ont.	CJSP	CBJChicoutimi, Que. CBMMontreal, Que. CBFMontreal, Que. CFCFMontreal, Que. CHLPMontreal, Que. CJADMontreal, Que.
Galt, Ont.	CKGR	CBJChicoutimi, Que. CBMMontreal, Que. CBFMontreal, Que.
Kingston, Ont.	CKLC	
St. Joseph d'Alma, Que.	CFGT	
Montreal, Que.	CJMS	
Chicoutimi, Que.	CJMT	
Drummondville, Que.	CHRD	

NEW STATIONS AUTHORIZED IN AREAS NOT PREVIOUSLY HAVING
PRIMARY SERVICE DURING THE PERIOD APRIL 30, 1953 TO MAY 13, 1955.

CKYL, Peace River, Alta.
CKBC, Bathurst, N.B.
CKEC, New Glasgow, N.S.
CKOT, Tillsonburg, Ont.
CKBM, Montmagny, Que.
CKTR, Three Rivers, Que.
CKRB, Ville St. Georges, Beauce, Que.

NOTE: Although there are 18 new stations listed, one existing private station, CFPR, at Prince Rupert, B.C., was transferred to CBC ownership, making a total of 157 private stations at May 1, 1955. See Section II of the list of changes in Canadian Broadcasting Stations during the period April 30, 1953 to May 13, 1955.

APPENDIX “B”

Populations served by TV Stations
A & B Coverage

APPENDIX "B"

POPULATIONS SERVED BY TV STATIONS A & B COVERAGE

CBC		PRIVATE	
CBFT Montreal	1,776,200		
(incl. English)	2,036,500		
CBLT Toronto	1,736,200	CHCH-TV Hamilton	796,300
CBUT Vancouver	824,200		
(without Victoria)	719,900	CHLT-TV Sherbrooke ..	507,000
		CFPL-TV London	430,000
CBMT Montreal	424,300		
(incl. Bilingual)	2,267,200	CKCO-TV Kitchener ...	413,300
CBWT Winnipeg	424,100	CFCM-TV Quebec	387,200
		CKLW-TV Windsor	332,000
CBOT Ottawa	289,300		
CBHT Halifax	266,200	CFRN-TV Edmonton	253,800
CBOFT Ottawa	206,200	CHEX-TV Peterborough	241,000
		CHSJ-TV Saint John	233,000
		CHCT-TV Calgary	218,000
		CKVR-TV Barrie	202,000
		CKWS-TV Kingston	181,400
		CKNX-TV Wingham	173,700
		CJON-TV St. John's	156,400
		CKCW-TV Moncton	152,900
		CJCB-TV Sydney	147,100
		CJBR-TV Rimouski	142,100
		CKCK-TV Regina	139,000
		CFQC-TV Saskatoon	114,400
		CJRS-TV Jonquiere	99,550
		CKSO-TV Sudbury	88,500
		CFCY-TV Charlottetown	86,200
		CJOC-TV Lethbridge ...	84,800
		CFPA-TV Port Arthur ..	76,100
		CKX-TV Brandon	60,600
		CJIC-TV Sault Ste. Marie	44,800

